

(Mrs. BOXER) and the Senator from Minnesota (Mr. COLEMAN) were added as cosponsors of S. Con. Res. 26, a concurrent resolution condemning the punishment of execution by stoning as a gross violation of human rights, and for other purposes.

S. CON. RES. 27

At the request of Mr. BOND, the names of the Senator from Wyoming (Mr. THOMAS) and the Senator from Georgia (Mr. MILLER) were added as cosponsors of S. Con. Res. 27, a concurrent resolution urging the President to request the United States International Trade Commission to take certain actions with respect to the temporary safeguards on imports of certain steel products, and for other purposes.

S. CON. RES. 31

At the request of Mr. LIEBERMAN, the names of the Senator from Pennsylvania (Mr. SANTORUM), the Senator from Colorado (Mr. ALLARD) and the Senator from Ohio (Mr. VOINOVICH) were added as cosponsors of S. Con. Res. 31, a concurrent resolution expressing the outrage of Congress at the treatment of certain American prisoners of war by the Government of Iraq.

S. CON. RES. 31

At the request of Mr. LUGAR, his name was added as a cosponsor of S. Con. Res. 31, *supra*.

AMENDMENT NO. 429

At the request of Mr. ROCKEFELLER, his name was added as a cosponsor of amendment No. 429 proposed to S. Con. Res. 23, an original concurrent resolution setting forth the congressional budget for the United States Government for fiscal year 2004 and including the appropriate budgetary levels for fiscal year 2003 and for fiscal years 2005 through 2013.

AMENDMENT NO. 429

At the request of Mr. LEAHY, his name was added as a cosponsor of amendment No. 429 proposed to S. Con. Res. 23, *supra*.

AMENDMENT NO. 429

At the request of Ms. MIKULSKI, her name was added as a cosponsor of amendment No. 429 proposed to S. Con. Res. 23, *supra*.

AMENDMENT NO. 429

At the request of Mr. FEINGOLD, his name was added as a cosponsor of amendment No. 429 proposed to S. Con. Res. 23, *supra*.

AMENDMENT NO. 429

At the request of Mr. LAUTENBERG, his name was added as a cosponsor of amendment No. 429 proposed to S. Con. Res. 23, *supra*.

AMENDMENT NO. 429

At the request of Mrs. BOXER, her name was added as a cosponsor of amendment No. 429 proposed to S. Con. Res. 23, *supra*.

AMENDMENT NO. 429

At the request of Mr. DAYTON, his name was added as a cosponsor of amendment No. 429 proposed to S. Con. Res. 23, *supra*.

## STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mrs. CLINTON (for herself, Mr. SCHUMER, Mrs. FEINSTEIN, Ms. LANDRIEU, Mrs. MURRAY, Ms. CANTWELL, and Ms. COLLINS):

S. 749. A bill to authorize the Secretary of the Interior to establish the Votes for Women History Trail in the State of New York; to the Committee on Energy and Natural Resources.

Mrs. CLINTON. Mr. President, today, I am introducing the Votes for Women's History Trail Act today in honor of Women's History Month. I recognize that this is a very difficult time in the history of our country. Our brave soldiers are putting their lives on the line in a war halfway around the world. At times like this it is important to remember our pioneers, the people who fought for equality and liberty for all Americans. Their courage should serve as an inspiration at troubling times like these.

The Votes for Women's History Trail Act would create a moving memorial to the women's suffrage movement in upstate New York, home to many of the most notable figures and events in the fight for women's suffrage. The Women's Rights movement began in 1848 when the first Women's Rights Convention occurred in Seneca Falls, NY. Although this convention was planned on very short notice, more than 300 people descended on Seneca Falls to challenge the subordination of women to men and call for equal rights.

After the Seneca Falls convention, the women's movement, led in large part by Elizabeth Cady Stanton and Susan B. Anthony, continued their efforts to break down barriers for women. At times, they suffered major setbacks. Susan B. Anthony was arrested when she tried to vote by claiming that the 14th amendment entitled her to as a "citizen." In 1875, the United States Supreme Court upheld the decision, forcing the women's movement to pursue a different strategy. They were undeterred and launched statewide campaigns for voting rights for women. Their efforts eventually paved the way for the passage of the 19th amendment in 1920—72 years after the first Women's Rights Convention.

These pioneers believed that women ought to be full and equal partners in the social, cultural, religious, economic, educational, and political life. To a large degree, their vision has been realized. But the journey is not complete. Women still earn only \$.73 for every dollar earned by men. They are still underrepresented in the highest levels of virtually every occupation and field, including the United States Congress.

The Votes for Women's History Trail Act would create a fitting tribute to this critical period in our history and to the people whose strength and clarity of vision led us through the jour-

ney. For young children and older Americans alike, it would serve as an important reminder of how very far we have come.

The National Park Service has already conducted a feasibility study about this trail. Their study concluded that the Votes for Women's History Trail is of historical value, national significance, and possesses significant potential for public use and enjoyment. The study examined over 300 properties and narrowed the list to the 20 of the most significant and easily accessible to the public.

I am proud to introduce this bill on behalf of Senators SCHUMER, FEINSTEIN, LANDRIEU, CANTWELL, and MURRAY, and STABENOW. I look forward to working with them and so many of my other colleagues to make the Votes for Women's History Trail a reality.

By Mr. MCCAIN (for himself, Mr. DODD, Mr. ALLEN, Mr. BREAUX, Mr. WARNER, Mr. AKAKA, Mr. BENNETT, Mrs. LINCOLN, Ms. COLLINS, Mr. HOLLINGS, Mr. CHAFEE, Mr. FITZGERALD, Ms. LANDRIEU, Mr. BROWNBACK, Mr. CAMPBELL, Mr. HAGEL, Mr. ROBERTS, Mr. SARBANES, Mr. SMITH, and Ms. SNOWE):

S. 750. A bill to amend title II of the Social Security Act to increase the level of earnings under which no individual who is blind is determined to have demonstrated an ability to engage in substantial gainful activity for purposes of determining disability; to the Committee on Finance.

Mr. MCCAIN. Mr. President, I rise today to introduce an important piece of legislation, which will have a tremendous impact on the lives of blind people throughout the country. In 1996, with the passage of the Senior Citizens Freedom to Work Act, Congress broke the historic 20-year link between blind people and senior citizens in regards to the Social Security earnings. Previously, that linkage to earnings limits helped many blind people become self-sufficient and productive members of society.

The Senior Citizens Freedom to Work Act raised the earnings limit for seniors, without giving blind people the same opportunity. My intent when I sponsored that legislation was not to break the link between blind people and the senior population. Since then, I have worked with a bipartisan group of senators, in the spirit of fairness, to ensure that the blind population receives a raise in earnings limits, similar to that afforded to seniors under the 1996 Act. We must not continue policies which discourage blind individuals from working and contributing to our nation. I believe we should provide blind people with the opportunity to be productive and "make it" on their own.

Today I am joined by my good friend Senator DODD, and a bipartisan group of senators, in introducing the Blind Empowerment Act of 2003. This bill is

similar in purpose to the Blind Person's Earnings Equity Act, which I sponsored in previous Congresses. Over a five year period of time, the Blind Empowerment Act raises the earnings exemption for blind persons to afford them with greater flexibility to achieve their professional and personal goals, without sacrificing Social Security benefits.

The earnings test treatment of our blind and senior populations historically has been identical. From 1977, blind persons and senior citizens shared the identical earnings exemption threshold under Title II of the Social Security Act. The earnings limit for the blind is currently \$1,330 a month for fiscal year (FY) 2003, had the link not been broken in the Senior Citizens Freedom to Work Act, it would be \$2,560 today. Senior citizens are now given unlimited opportunity to increase their earnings without losing a portion of their Social Security benefits. The blind, however, have been left behind.

The Social Security earnings test imposes as great a work disincentive for blind people as it once did for senior citizens. In fact, the earnings test probably provides a greater aggregate disincentive for blind individuals because many blind beneficiaries are of working age and are capable of valuable and productive work.

Blindness is often associated with adverse social and economic consequences. Many blind individuals who desperately want to work encounter enormous obstacles to achieve sustained employment or any employment at all. They take great pride in being able to work and contribute to society. By linking the blind with seniors in 1977, Congress provided a great deal of hope and an incentive for blind people to enter the work force. By not allowing blind individuals the opportunity to increase their earnings, as we have for senior citizens, we are now taking that hope away from them.

Blind people are likely to respond favorably to an increase in the earnings test by working more, which will increase their tax payments and purchasing power allowing the blind to make a greater contribution to the general economy. In addition, encouraging blind individuals to work and allowing them to work more without being penalized would bring additional revenue into the Social Security trust funds as well as the federal Treasury.

I hope that this Congress will finally address issues regarding the overall structure of the Social Security system and work towards solutions that will strengthen the system for seniors of today and tomorrow without placing an unfair burden on working Americans. It is absolutely crucial that we include raising the earnings test for blind individuals as a part of any Social Security bill we enact this year.

I urge each of my colleagues to join me in sponsoring the Blind Empowerment Act of 2003, to restore fair and eq-

uitable treatment for our blind citizens and to give the blind community increased financial independence. Our Nation would be better served if we restore hope for the blind and provide them with the freedom, opportunities and fairness afforded to our Nation's seniors.

I ask unanimous consent that the text of the Blind Empowerment Act of 2003 be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 750

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

The Act may be cited as the "Blind Empowerment Act of 2003".

#### SEC. 2. INCREASE IN AMOUNT DEMONSTRATING SUBSTANTIAL GAINFUL ACTIVITY IN THE CASE OF BLIND INDIVIDUALS.

Section 223(d)(4) of the Social Security Act (42 U.S.C. 423(d)(4)) is amended—

(1) by striking the second sentence of subparagraph (A); and

(2) by adding at the end the following new subparagraph:

"(C)(i) No individual who is blind shall be regarded as having demonstrated an ability to engage in substantial gainful activity on the basis of monthly earnings in any taxable year that do not exceed an amount equal to—

"(I) in the case of earnings in the taxable year beginning after December 31, 2002, and before January 1, 2004, \$1,330 per month;

"(II) in the case of earnings in the taxable year beginning after December 31, 2003, and before January 1, 2005, \$1,720 per month;

"(III) in the case of earnings in the taxable year beginning after December 31, 2004, and before January 1, 2006, \$2,110 per month;

"(IV) in the case of earnings in the taxable year beginning after December 31, 2005, and before January 1, 2007, \$2,500 per month; and

"(V) in the case of earnings in taxable years beginning after December 31, 2006, the dollar amount determined for purposes of this clause under clause (ii).

"(ii) The Commissioner of Social Security shall, on or before November 1 of 2006 and of every year thereafter, determine and publish in the Federal Register the monthly dollar amount for purposes of clause (i) in the case of taxable years beginning with or during the succeeding calendar year. Such dollar amount shall be the larger of—

"(I) the monthly dollar amount in effect under clause (i) for taxable years beginning with or during the calendar year in which the determination under this clause is made, or

"(II) the product of \$2,500 and the ratio of the national average wage index (as defined in section 209(k)(1)) for the calendar year before the year in which the determination under this clause is made to the national average wage index (as so defined) for 2004, with such product, if not a multiple of \$10, being rounded to the next higher multiple of \$10 where such amount is a multiple of \$5 but not of \$10 and to the nearest multiple of \$10 in any other case."

#### SEC. 3. EFFECTIVE DATE.

The amendments made by this Act shall apply with respect to taxable years beginning after December 31, 2002.

Mr. DODD. Mr. President, I rise today with my colleague from Arizona, Senator JOHN MCCAIN, to reintroduce legislation that we've sponsored in the

past, the "Blind Empowerment Act of 2003." This legislation would restore the 20-year link between blind people and senior citizens with respect to the Social Security earnings limit. It will have a tremendous impact on the lives of many blind people, helping them become more self-sufficient and productive members of society.

Today there are nearly 1.1 million Americans who are blind, with 75,000 more becoming blind each year. With today's technology, blind and visually-impaired individuals can do just about anything. Blind people today are employed as farmers, lawyers, secretaries, nurses, managers, childcare workers, social workers, teachers, librarians, stockbrokers, accountants, and journalists, among many other things. The Federal Government should do all within its power to facilitate and encourage the blind and visually-impaired to enter the workforce. Many public and private initiatives provide the technical advancement necessary to educate and employ the blind at the same level as their sighted peers. For example, the National Federation of the Blind, NFB, has created an institute to utilize technological advancements for the blind in an effort to promote employment of the blind throughout the nation. The NFB helps employers provide adaptive technology, consultation, and training so that they can better accommodate the needs of blind and visually-impaired employees.

In 1996, Congress passed the Senior Citizens Freedom to Work Act, which broke the longstanding linkage between the treatment of blind people and seniors under Social Security. This allowed the earnings limit to be raised for seniors, but not for the blind. As a result, blind people do not have the opportunity to increase their earnings without jeopardizing their Social Security benefits. In 2002, that limit was at \$14,800. If a blind individual earns more than that, his or her Social Security benefits are not protected.

The purpose of the Senior Citizens Freedom to Work Act was to allow seniors to continue contributing to society as productive workers while still receiving social security benefits. Historically, the earnings test treatment of seniors and blind people has been identical under Title II of the Social Security Act. With this legislation, we must do the same for the blind population of America as we have done for the seniors. We must provide blind people the same opportunity to be productive and contribute to their own stability. We must not discourage these individuals from working.

The current earnings test provides a disincentive for the blind population, many of whom are working age and capable of productive work. Work provides one of the fundamental ways individuals express their talents and allow them to make a contribution to society and to their loved ones. Blind individuals face constant hurdles when it comes to employment. Parents,

teachers, or counselors may tell them they can't do it. Employers sometimes don't even give them the opportunity to try. But blind people and others with severe visual impairments take great pride in being able to work, just like the rest of us. They are likely to respond favorably to an increase in the earnings test because they want to work. We don't want to create yet another hurdle to employment for blind individuals with the Social Security earnings test. By allowing those with visual impairments to work more without penalty, we would increase both their tax contribution and their purchasing power. By doing so we would also bring additional funds into the Social Security trust fund and the Federal Treasury.

I urge my colleagues to join me in sponsoring this important legislation to restore the fair and equal treatment for the blind citizens of America. The "Blind Empowerment Act of 2003" will provide the blind population with the same freedom and opportunities as our Nation's seniors and the rest of the citizens of this nation.

By Mr. BAUCUS (for himself, Mr. DASCHLE, Mr. JOHNSON, Mr. CAMPBELL, Mr. BINGAMAN, Mr. INOUE, and Mr. AKAKA):

S. 751. A bill to amend part A of title IV of the Social Security Act to reauthorize and improve the operation of temporary assistance to needy families programs operated by Indian tribes, and for other purposes; to the Committee on Finance.

Mr. BAUCUS. Mr. President, today, I am re-introducing the American Indian Welfare Reform Act, an important step in improving the lives of this country's Native Americans. I originally introduced this bill last year and worked to include important elements of it in the welfare reform reauthorization bill approved by the Finance Committee. Unfortunately, we did not finish work on welfare reform reauthorization. So I am again offering this bill, with some improvements based on advice from tribes and other experts. I am glad to be joined by Senators DASCHLE, JOHNSON, CAMPBELL, BINGAMAN, INOUE, and AKAKA.

In 1996 we enacted a sweeping welfare reform law. It was a long past-due fundamental change and ended a failed system for helping low-income families in America. I was a strong supporter of that law. This year, we continue to work to reauthorize it. As we in the Finance Committee have reviewed the evidence I have been struck by how successful it has been. The ranks of those dependent on welfare in this country has been reduced by half in just five years. There is more to be done, of course. Child poverty has declined but not by as much as the fall in the welfare caseload, for example. I plan to work with my Finance Committee colleague Senator GRASSLEY on comprehensive legislation to renew and improve the 1996 law.

One often overlooked important aspect of the 1996 law is that it didn't just devolve authority to States—it also permitted Indian tribes to operate their own welfare programs for the first time. The new welfare program, Temporary Assistance for Needy Families, TANF, is very flexible. Tribes can take advantage of that flexibility to design culturally-appropriate programs to move people from welfare to work. This is smart policy and is consistent with the important value of tribal sovereignty. I support it.

My own State of Montana is home to several tribes and I have given much thought to how we can build upon the provisions of the 1996 welfare law to help them and their members. Too often in Montana—and elsewhere—poverty has an Indian face. The numbers are cold and hard. According to the Census Bureau, 25.9 percent of American Indians live in poverty, more than twice the national poverty rate. The average household income for Indians in 2000 was only 75 percent of that of the rest of Americans. This is simply not right. We must do better. Welfare reform needs to work for everyone.

Luckily, the provisions of the 1996 law provide a good start. Now we must build upon them. The legislation I introduce today, the product of extensive dialogue and consultation, does that in several important ways.

First, more than 30 tribes—including the Confederated Salish-Kootenai and Fort Belknap tribes of Montana—have taken advantage of the opportunity to operate their own TANF programs. This bill contains provisions to help those tribes improve their programs. For example, under current law, tribes operating TANF are not eligible for the TANF high performance bonus or the TANF contingency fund while state TANF programs are. This oversight is rectified by this bill.

Second, there are many tribes interested in operating TANF programs who do not believe the current set-up allows them to do so. They want to exercise their sovereignty and adapt their program to better fit the needs of their people. We should help them do so. To that end, I propose creating a new grant fund to improve tribal governmental capacity. We have funded State administrative capacity for decades, helping States buy computer systems and train workers. We should do the same for tribal human services administration. Under this bill, a tribe which wants to operate TANF but needs to upgrade its computers to do it could receive the funding it needs—which will enable it to take over TANF.

Third, there are some tribes not interested in running a TANF program or a long time from being able to do it. Their low-income families will continue to receive assistance from State programs. I have included provisions to facilitate State-tribe dialogue in these cases so that the state can better understand the unique circumstances of each Indian reservation. There is also

an important provision to allow States the same flexibility in designing welfare-to-work programs on high unemployment reservations that tribes gain when they operate TANF programs. We must ensure all Indian families are able to get help when they need it.

Finally, there is the all-important issue of economic development. A General Accounting Office review of Census Bureau data found that 25 of the 26 counties in the U.S. with a majority of American Indians had poverty rates "significantly" higher than average. Welfare reform is about moving people to work. On most of our Indian reservations there is simply far too little work to be had. Like everyone else, Indians want to work. We need to do better in giving them the opportunity.

This legislation provides tribes with an expanded authority to issue bonds, which will encourage additional economic activity on reservations, such as housing construction. This means more jobs, as well as a better quality of life. It also includes grants to help tribes improve their own economic development strategies. Tribes with uniform commercial codes and effective micro-enterprise programs can see more business activity on their lands. This bill helps tribes help themselves. We need to let Indians find their own way to prosperity, not impose top-down strategies. But we must make sure they have the tools to get there.

This is an important bill. It includes other key provisions. One is a fine bill originally introduced by Senators DASCHLE and MCCAIN to allow tribes to receive direct Federal reimbursement for operating foster care programs. Another provision funds research on tribal welfare reform programs so we can learn what works as well as providing funds for "peer-learning" so that tribes can learn from one another. I am a strong supporter of welfare reform. We need to make sure it works for everyone. This bill does that.

I ask unanimous consent that a summary of the legislation be printed in the RECORD.

There being no objection, the additional material was ordered to be printed in the RECORD, as follows:

SUMMARY OF THE AMERICAN INDIAN WELFARE REFORM ACT  
1. FINDINGS

The Federal Government bears a unique trust responsibility for American Indians. Despite this responsibility, Indians remain remarkably impoverished. According to the Census Bureau, 25.9 percent of American Indians live in poverty, more than twice the national poverty rate. The average household income for Indians in 2000 was only 75 percent of that of the rest of Americans. In some states with substantial Indian populations the welfare caseload has become increasingly Indian because some Indians face substantial barriers in moving from welfare to work. A General Accounting Office review of Census Bureau data found that 25 of the 26 counties in the U.S. with a majority of American Indians had poverty rates "significantly" higher than average. Further, many Indian tribes are located in isolated rural areas, far from economic opportunity. Tribal

Temporary Assistance for Needy Families, TANF, programs have demonstrated remarkable success in moving Indians from welfare to work. Tribal governments have not been afforded equal opportunity to administer foster care and adoption assistance programs. Welfare reform has not brought enough change to Indian Country.

## 2. THE TRIBAL TANF IMPROVEMENT FUND

The 1996 welfare reform law permits tribes to opt to operate their own Temporary Assistance for Needy Families, TANF, programs. A new Tribal TANF Improvement Fund of \$500 million, to be available for 5 years, would be created to build upon these programs and allow more tribes to start them. It would have four parts:

**Tribal Capacity Grants.** State governments have benefitted from decades of federal investment in their administrative capacity, particularly in their information management systems. \$185 million of the Fund would be reserved for grants to improve tribal human services program infrastructure, with a priority for management information systems and training. Tribes applying to operate TANF would be given priority. Tribes already operating TANF, applying to operate IV-E foster care programs with direct federal funding, and operating the new consolidated tribal job training program would also be eligible for grants. HHS would be required to assure that tribes of all sizes received funding and to maximize the number of tribes which receive funding. Tribes would be eligible for one grant per year.

**Adjusted Tribal TANF Grants.** Tribes which take over operation of TANF often experience significant increases in caseload as poor families apply for help for the first time because they are more comfortable asking assistance from the tribe or simply because they are more able to access services. Yet tribal TANF allocations are based on estimates of Indians served by state programs in 1994, which can leave the tribe facing funding levels which are too low. To better support families in tribal TANF programs, \$140 million of the fund would be reserved for grants to tribal TANF programs where the tribe can demonstrate it has a significantly higher true caseload than originally estimated. Tribes with cash assistance caseloads two years after beginning operation of a TANF program which are 20 percent higher than originally estimated would be eligible for additional funding. The funds would be allocated proportionate to a tribe's size and service population as well as the caseload increase, on the basis of a formula to be determined by HHS in consultation, by region, with tribes. The funding level would be \$35 million per year, from FY 2004-2007.

**Tribal TANF MOE Incentive.** A key factor in tribes being able to operate TANF programs has been the willingness and ability of states to contribute funding as part of the broader state maintenance of effort, MOE, requirement. To encourage states to do this, up to an additional \$160 million would be available for "rebates" of TANF funds to states which provide MOE support to tribal TANF programs. For each \$1 in MOE funds provided, the federal government would provide an additional 50 cents in TANF funding to the state. If funding is insufficient, HHS would provide pro-rata funding to ensure each state contributing MOE receives a share of the incentive funds.

**Technical Assistance.** HHS would receive \$15 million to provide technical assistance to tribes. At least \$5 million of these funds would be reserved to support peer-learning programs among tribal administrators and at least \$5 million would be reserved for grants to tribes to conduct feasibility studies of their capacity to operate TANF.

## III. TRIBAL TANF HIGH PERFORMANCE BONUS AND CONTINGENCY FUND ACCESS

There are separate sources of funding within TANF that tribes do not have the ability to access. To better support tribal TANF programs, 3 percent of the current TANF "high performance" bonus—or \$6 million/year—would be reserved for distribution to tribal TANF programs. The criteria would be determined by HHS through consultation with tribes, but should involve effectiveness in moving TANF recipients into employment and self-sufficiency. In addition, \$50 million of the \$2 billion TANF Contingency fund would be reserved for tribal TANF programs operating in situations of increased economic hardship. The criteria for tribal access to the Contingency Fund would also be determined by HHS through consultation with the tribes, but would include a worsening economic condition, loss of reservation employers, or a loss of state match funding. In addition, current restrictions on the use of "carryover" TANF funds would be eliminated, permitting tribes to spend prior year TANF funds with just as much flexibility as current year TANF funds.

## IV. ECONOMIC DEVELOPMENT

There are four elements in the bill to stimulate more economic activity on economically-depressed reservations.

**Expanded tribal authority to issue tax-exempt private activity bonds.** Currently, tribes have a limited authority to issue private activity bonds for "essential" governmental functions and for certain manufacturing-related purposes. This provision would allow bonds to be used for residential rental properties and qualified mortgage bonds, spurring construction. In addition, tribes could allocate authority for financing businesses that would qualify as enterprise zone businesses if the reservation were a zone. All property financed would have to be on the reservation of the issuing tribal government and qualified tribal governments would have to have an unemployment rate of at least 20 percent. Casinos and certain other forms of businesses could not be financed by the bonds. The authority would be for calendar years 2004-2008, and up to \$10 million total would be available for each qualifying tribe.

**Tribal Development Grants.** A key part of tribal economic development is the investment climate on the reservation. Tribes with clear legal codes and which encourage micro-enterprise activities are more likely to generate economic growth. To facilitate this, the Administration for Native Americans within HHS would receive \$50 million to distribute in grants to tribes, tribal organizations and non-profit organizations to provide technical assistance to tribes in the areas of: Development and improvement of uniform commercial codes; creating or expanding small business or micro-enterprise programs; development and improvement of tort liability codes; creating or expanding tribal marketing efforts; for-profit collaborative business networks; and telecommunications.

**Job Access and Reverse Commute Grants.** A lack of transportation often hinders tribal economic development. To help address this need, tribes would be made directly eligible to receive Job Access and Reverse Commute grants from the federal Department of Transportation, which would permit tribes to pursue innovative TANF strategies around transportation. A tribal set-aside of 3 percent would be established in the program. Matching funds could be provided by tribes on an in-kind basis or with other federal funds, such as TANF.

**Transportation Grants.** A lack of transportation also often hinders individual Indians from moving from welfare-to-work. This

need is particularly acute given the remote nature of many reservations. To assist Indians in acquiring reliable automobiles, a \$10 million per year grant program would be created, beginning in FY 2004. Tribes would be given priority in receiving grants to create car ownership assistance programs. This program is based on a proposal originally put forward by Senator Jeffords.

## V. TRIBAL JOB TRAINING PROGRAMS

There are currently two tribal job training programs, the NEW program and Welfare-to-Work grantees. To simplify and better coordinate programs, a new Tribal Employment Services Program, TESP, would be created in the Department of Labor by combining the two programs. It would be funded at \$37 million annually and distributed to current Tribal NEW and Welfare-to-Work grantees as well as new applicants. TESP funds could be used for employment training efforts for those on, or at-risk of being on, public assistance. Tribes could also use the funds to assist non-custodial parents of children on, or at risk of being on, public assistance. To encourage state-tribal partnerships, TANF funds transferred to tribal TESP programs would be governed by TESP rules, not TANF rules. The bill also clarifies that the single plan, single budget, and single reporting requirements of PL 102-477 should be respected.

## VI. TRIBAL CHILD CARE

The availability and quality of child care is basic to the success of welfare reform. Tribal welfare reform efforts are no exception. The tribal set-aside within the Child Care and Development Block Grant, CCDBG, would be increased to 5 percent to better support tribal welfare reform programs. HHS would be required to go through a negotiated rulemaking process, in consultation with tribal representatives, to determine an equitable allocation of the base funding among tribes. In addition, each tribe receiving CCDBG funding would develop their own health and safety standards, subject to approval of HHS. Tribal child care programs would have additional authority to use funds for construction and renovation.

## VII. "EQUITABLE ACCESS"

Many American Indians are—and will continue to be—served by state TANF programs. States will be required to consult with tribes within their borders on TANF state plans. Under current law, states are required to provide "equitable access" to services for Indians. State and tribal TANF plans would be required to describe how "equitable access" is provided to encourage better State-tribal co-operation. HHS would also be required to include in the annual TANF report to Congress state-specific information on the demographics and caseload characteristics of Indians served by state TANF programs.

In addition, HHS would be required to convene a new advisory committee on the status of non-reservation Indians. Too little is known about how these Indians are faring. The committee is to make recommendations for ensuring these Indians receive appropriate assistance. The committee would include federal, state, and tribal representatives as well as representatives of Indians not residing on reservations. A majority of those on the committee would be representatives of Indians not residing on reservations. GAO would also be required to conduct a study of the demographics of Indians not residing on reservations, including economic and health information, as well as reviewing their access to public benefits.

## VIII. "JOBLESSNESS"

As acknowledged by the 1996 welfare law, the federal time limit on assistance is not an appropriate policy on Indian reservations with severe unemployment. This provision

would be adjusted so that the time limit will not apply during months where the joblessness is above 20 percent, provided that TANF recipients are not in sanction status. In addition, in these areas of high joblessness, states would have flexibility to define work activities required for TANF participants, provided the recipient is participating in activities in accordance with an Individual Responsibility Plan and the state has included information in its state plan describing its policies in Indian Country areas of high joblessness. Tribal TANF programs already have flexibility in work activity definition.

#### IX. ALASKA PROVISIONS

The 1996 limits the ability of tribes in Alaska to design and operate programs. These provisions involving differential treatment for Alaskan Natives, such as those requiring tribal TANF programs to be "comparable" to the state program, would be removed.

#### X. TRIBAL FOSTER CARE PROGRAMS

Due to a long-standing oversight, tribes are not allowed to receive direct federal reimbursement when they operate foster care programs to take care of abused and neglected children. The provisions of S. 331, the Daschle-McCain legislation to rectify this oversight and allow tribes to receive direct federal funding to operate foster care programs, are included.

#### XI. FOOD STAMPS, MEDICAID, AND SCHIP

Up to 10 tribes operating TANF programs could receive waivers to perform eligibility determinations and/or operate Food Stamps, Medicaid, and the State Children's Health Insurance Program, SCHIP, as well. Matching requirements could be waived but not program integrity requirements. In addition, the programs would remain consistent with state rules. However, tribes would be able to demonstrate their ability to operate these programs and to serve low-income Indian families better.

#### XII. CHILD SUPPORT ENFORCEMENT

HHS would be required to promulgate final regulations concerning tribal child support programs within one year of enactment. In addition, HHS would be required to submit a report to Congress on the most appropriate ways of including tribal programs in the methodology of determining child support incentive payments.

#### XIII. "BREAK THE CYCLE" DEMONSTRATION PROGRAM

Inter-generational poverty is a frequent occurrence on Indian reservations. In an effort to reach the children of TANF recipients, a "Break the Cycle" demonstration program would be created. Up to 10 tribes would receive grants to develop programs aimed at ensuring children of TANF recipients complete high school or receive G.E.D.s. The tribes would submit proposals involving mentoring, tutoring, altering TANF rules, or teen pregnancy prevention towards this goal, and could collaborate with States. It would be authorized at \$20 million per year for FY 2005-2008.

#### XIV. SOCIAL SERVICES BLOCK GRANT (SSBG)

SSBG is an important source of flexible funding to address the needs of the elderly, disabled, and low-income families. But tribes do not currently receive SSBG funds. Under this bill, when funding for SSBG exceeds \$2.4 billion in a year, \$10 million plus 2 percent of all funds beyond \$2.4 billion is reserved for tribes. All tribes operating social service programs would be eligible for a share. HHS is required to develop a distribution formula through a consultation process with the tribes.

#### XV. RESEARCH

While there have been a handful of important initial studies of welfare reform in In-

dian Country, much remains unknown about how it has impacted Native Americans. Therefore, \$2 million would be provided to HHS for research on tribal welfare programs and efforts to reduce poverty among American Indians in general. These funds could also be used to assist tribes in collecting data. To expend the funds, HHS would first have to issue a planned course of research and consultation with the tribes. Research funding applicants which propose to include tribal governments and tribal colleges in their work would have priority.

By Mr. BINGAMAN (for himself and Mrs. HUTCHISON):

S. 752. A bill to amend the Internal Revenue Code of 1986 to treat distributions from publicly traded partnerships as qualifying income of regulated investment companies, and for other purposes; to the Committee on Finance.

Mr. BINGAMAN. Mr. President, I rise today with my colleague from Texas, Senator HUTCHISON to introduce legislation that will allow publicly traded partnerships to sell their stock to mutual funds so they can raise sufficient capital for new investments in pipelines and infrastructure. Because of current restrictions, publicly traded partnerships are hindered in their ability to sell their equity to mutual funds even though their equity is sold on public exchanges. The overwhelming majority of these partnerships are energy-related companies that need the ability to raise capital from mutual funds to build pipelines and other facilities. This legislation would be a strong shot in the arm for the economy as it encourages companies to begin new projects that are currently on hold for lack of capital. It also provides us with the ability to expand our pipeline network to meet our current demands for natural gas. I look forward to working with my colleagues to advance this important legislation.

Mrs. HUTCHISON. Mr. President, I am pleased to introduce a bill with Senator BINGAMAN that takes an important step toward modernizing the Internal Revenue Code.

Decades ago, investment companies which manage mutual funds were limited in the amount of income they could receive from investments in partnerships.

At the time, this restriction was established to address legitimate concerns and protect the interests of investors. Ownership interests in partnerships can be illiquid, so it is difficult to get one's money out of the investment. Partnerships are also not required to be transparent in their financial statements, so it could be difficult for investors to accurately assess a business.

However, the world has changed. Some partnerships have been able to go public and offer shares on the stock markets, so the problem of liquidity is solved. By going public, they must meet much higher standards of financial transparency, including regularly publishing audited financial statements for investors. Currently, 50 publicly traded partnerships trade on

major U.S. stock exchanges; 14 of these companies are headquartered in my home State, Texas.

Unfortunately, tax laws have not reflected this change in the business and financial worlds. Mutual funds are still restricted in how much they can invest in any partnership, including those that are publicly traded. This significantly impedes the ability of these companies to raise capital. It limits their ability to grow and create jobs.

Publicly traded partnerships play an important role in the economy. About half are in the energy sector, actively involved in building and operating infrastructure to gather, process and transport oil and natural gas. These partnerships also include timber and real estate companies. It is clear we need a healthy energy sector to ensure the availability of oil and gas at reasonable prices.

The bill Senator BINGAMAN and I introduce today will lead to a dramatic increase in the flow of capital to these companies. Mutual funds, which often purchase a majority of equity offerings, will be able to participate in stock offerings from publicly traded partnerships. This will expand the investor base and lower the cost of capital, ultimately helping to lower energy prices.

Our bill will also provide millions of investors an opportunity, through their mutual funds, to participate in another investment opportunity if their professional mutual fund managers believe it is an attractive investment.

It is wrong for the Federal Government to use the tax code to make decisions for investors. The bill we are introducing will modernize our tax laws so families can make their own financial planning decisions. This legislation will also provide an important source of capital for key areas of the economy. I hope my colleagues will support this long overdue improvement.

By Mr. HATCH (for himself, Mr. BREAUX, Mr. BAUCUS, and Mr. GRASSLEY):

S. 753. A bill to amend the internal Revenue Code of 1986 to provide for the modernization of the United States Tax Court, and for other purposes; to the Committee on Finance.

Mr. HATCH. Mr. President, I rise today to introduce the Tax Court Modernization Act. I am joined in this legislation by my colleague Senator BREAUX, and by the Chairman and Ranking Democrat of the Finance Committee, Senator GRASSLEY and Senator BAUCUS.

The United States Tax Court plays an important role in our tax system. However, it has been years since Congress has taken a good hard look at the Tax Court. This bipartisan piece of legislation will improve this Court in a number of ways, and I would like to take a moment to summarize some of its provisions.

First, the TCMA would make minor changes in the Tax Court's jurisdiction. These are small changes that will

have a big impact on the Court's efficiency. For example, the bill would allow the Tax Court to hire employees on its own, just as other courts do. Currently, the Tax Court is forced to hire through the Executive Branch's Office of Personnel Management, entangling the executive power with the judicial power. Restoring the constitutional separation of powers in the hiring process will increase the independence of the Tax Court.

Second, the TCMA would improve the way that Tax Court judges receive retirement benefits and other non-salary benefits. I believe that Tax Court judges should be treated the same way that bankruptcy, Court of Federal Claims, and Article III judges are treated when it comes to fringe benefits.

Tax Court judges are often not provided with the same benefits as similarly appointed Article I and Article III judges. For example, Congress allows Article III, bankruptcy, and Court of Federal Claims judges to participate in the Thrift Savings Plan in addition to the Civil Service Retirement System, while Tax Court judges are ineligible to participate in this program. These disparities in the treatment of our Tax Court judges affect the Court's ability to attract and retain seasoned judges, as well as talented employees.

I have spent many years observing the Federal judiciary. I have spent many years trying to improve the Judicial Branch of our government and to make it the very finest court system the world has ever known. I look forward to working with my colleagues on the Senate Finance Committee on this important piece of legislation. I urge my colleagues, both on the Finance Committee and in the Senate as a whole, to support this legislation.

Mr. BAUCUS. Mr. President, I rise today to support the Tax Court Modernization Act. I am pleased to be an original cosponsor of this important legislation.

In 1969, Congress elevated the U.S. Tax Court as a Federal court of record under Article I of the Constitution of the United States.

Congress created the Tax Court to provide a judicial forum in which affected persons could dispute tax deficiencies determined by the Commissioner of the Internal Revenue Service prior to payment of the disputed amounts. That means that the Tax Court's jurisdictional requirements are, in part, a recognition that lower and middle income taxpayers cannot necessarily pay the tax deficiency before taking their dispute to court.

Congress also closely linked the legislation governing the Tax Court with the laws governing the Article III District Courts. Unfortunately, the Congress did not include the Tax Court in the changes made for Article III courts.

This legislation is designed to restore parity between the Tax Court and Article III courts, and to modernize their personnel and pension systems.

I also want to thank Senators BREAUX and HATCH for their efforts in moving this legislation forward. The Finance Committee intends to markup the Tax Court Modernization Act tomorrow. It is my hope that the Committee favorably reports the legislation. I also hope that, soon after Committee action, Majority Leader FRIST and Minority Leader DASCHLE bring the Tax Court Modernization Act to the floor for swift passage.

By Mr. BAUCUS (for himself, Mr. GRASSLEY, Mr. HATCH, Mr. THOMAS, Mrs. LINCOLN, and Mr. ROCKFELLER):

S. 755. A bill to amend the Internal Revenue Code of 1986 to provide a uniform definition of child, and for other purposes; to the Committee on Finance.

Mr. BAUCUS. Mr. President, today Senator GRASSLEY and I are taking a significant step forward in our efforts to simplify the tax code. Today, we are introducing an important simplification legislation—the Uniform Definition of Child Act.

This legislation is based on the support of many for simplification in this area of the tax law. The President's FY 2004 budget, which was released on April 15, 2002, includes a simplification proposal to provide a uniform definition of a qualifying child. This is the first in a series of Department of Treasury "white papers" on simplification.

The concept of a uniform definition of qualifying child also enjoys support from the American Bar Association, the American Institute of CPAs, the Tax Executives Institute, the Internal Revenue Service's Taxpayer Advocate, and staff of the Joint Committee on Taxation.

Under current law, the complexity in this area is daunting. There are five commonly used provisions that provide benefits to taxpayers with children: the dependency exemption, the child credit, the earned income credit, the dependent care credit, and head of household filing status.

Each of the five provisions uses variations of four principal criteria to determine whether a taxpayer qualifies for applicable tax benefits with respect to a particular child: age of the child, relationship of the child to the taxpayer, residency of the child with the taxpayer, and the amount of financial support provided the child by the taxpayer.

Thus, a taxpayer is required to apply different definitions with respect to the same child when determining eligibility for these provisions. A taxpayer who qualifies with respect to a child for one provision does not necessarily qualify for another. As a result, publications, forms, instructions and schedules that are applicable to child related provisions number about 200 pages for the preparation of an individual income tax return.

A tremendous number of families are impacted by these Code provisions. For

example, 44 million taxpayers claimed the dependency exemption in the 2001 tax year. The IRS also indicates that a significant portion of the issued math error notices are attributable to these five provisions of the Internal Revenue Code. In 1999, for example, 44 percent of the 7.6 million math error notices were attributable to these provisions—40 percent of the total math error notices were attributable the dependency exemption, the child tax credit and the earned income tax credit alone.

The legislation reduces complexity through reconciliation of the varying child definitions into a single definition for a "qualifying child." The uniform child definition generally establishes eligibility for all five tax benefits if the child meets the age requirements described below, a relationship requirement, and a residency requirement—i.e., the child has the same principal place of abode as the taxpayer for more than one-half the taxable year.

The residency requirement is an important departure from current law in which the child tax benefits frequently rely upon financial support tests which impose significantly higher administrative burdens in the form of additional record-keeping not otherwise required under the tax law. The legislation also preserves the tax rights of children who provide more than half of their own support by excluding those children from the uniform definition of a qualifying child.

The underlying policy objectives of the present law provisions are retained. For example, the legislation retains underlying policy by not adjusting the ages of qualification—i.e., under age 17 for the dependent care credit, under age 19 for the child tax credit, and under age 24 if a full-time student for the dependency exemption, the earned income tax credit, and head of household filing status.

The legislation applies a single relationship test to the varying Code sections. Significantly, the proposal retains current law as an alternative to the extent that a person does not meet the revised uniform child definition—e.g., an elderly parent can still be claimed for purposes of the dependency exemption.

Under the Uniform Definition of Child Act, there will be instances in which multiple taxpayers qualify with respect to a given child. To address this issue, the proposal extends the present law earned income credit tie-breaker rule to the other benefits for multiple eligible claimants. That rule awards the tax benefit (i) to a parent over a non-parent, (ii) to the parent with longer residency or the highest AGI if residency is not determinative between parents, and (iii) to the taxpayer with the highest AGI if all claimants are non-parents. Finally, the legislation continues to allow divorced or separated spouses to assign the dependency exemption and the child tax credit to non-custodial parents provided that certain support and residency tests are met.



Simplification of the tax code should be more than just rhetoric. It is time for us to put legislation behind our words. We intend to continue to look at other areas of the tax code in need of simplification.

Senator GRASSLEY and I also want to thank our Finance Committee colleagues, Senators HATCH, THOMAS and LINCOLN, for their support of the Uniform Definition of Child Act of 2003. Simplification of the tax laws for the families of our nation is not partisan, it is not political, it is simply common sense.

Mr. President, I ask unanimous consent that the Uniform Definition of Child Act of 2003 be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 755

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Uniform Definition of Child Act of 2003".

#### SEC. 2. UNIFORM DEFINITION OF CHILD, ETC.

Section 152 of the Internal Revenue Code of 1986 is amended to read as follows:

##### "SEC. 152. DEPENDENT DEFINED.

"(a) IN GENERAL.—For purposes of this subtitle, the term 'dependent' means—

- "(1) a qualifying child, or
- "(2) a qualifying relative.

"(b) EXCEPTIONS.—For purposes of this section—

"(1) DEPENDENTS INELIGIBLE.—If an individual is a dependent of a taxpayer for any taxable year of such taxpayer beginning in a calendar year, such individual shall be treated as having no dependents for any taxable year of such individual beginning in such calendar year.

"(2) MARRIED DEPENDENTS.—An individual shall not be treated as a dependent of a taxpayer under subsection (a) if such individual has made a joint return with the individual's spouse under section 6013 for the taxable year beginning in the calendar year in which the taxable year of the taxpayer begins.

"(3) CITIZENS OR NATIONALS OF OTHER COUNTRIES.—

"(A) IN GENERAL.—The term 'dependent' does not include an individual who is not a citizen or national of the United States unless such individual is a resident of the United States or a country contiguous to the United States.

"(B) EXCEPTION FOR ADOPTED CHILD.—Subparagraph (A) shall not exclude any child of a taxpayer (within the meaning of subsection (f)(1)(B)) from the definition of 'dependent' if—

"(i) for the taxable year of the taxpayer, the child's principal place of abode is the home of the taxpayer, and

"(ii) the taxpayer is a citizen or national of the United States.

"(c) QUALIFYING CHILD.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualifying child' means, with respect to any taxpayer for any taxable year, an individual—

"(A) who bears a relationship to the taxpayer described in paragraph (2),

"(B) who has the same principal place of abode as the taxpayer for more than one-half of such taxable year,

"(C) who meets the age requirements of paragraph (3), and

"(D) who has not provided over one-half of such individual's own support for the cal-

endar year in which the taxable year of the taxpayer begins.

"(2) RELATIONSHIP TEST.—For purposes of paragraph (1)(A), an individual bears a relationship to the taxpayer described in this paragraph if such individual is—

"(A) a child of the taxpayer or a descendant of such a child, or

"(B) a brother, sister, stepbrother, or step-sister of the taxpayer or a descendant of any such relative.

"(3) AGE REQUIREMENTS.—

"(A) IN GENERAL.—For purposes of paragraph (1)(C), an individual meets the requirements of this paragraph if such individual—

"(i) has not attained the age of 19 as of the close of the calendar year in which the taxable year of the taxpayer begins, or

"(ii) is a student who has not attained the age of 24 as of the close of such calendar year.

"(B) SPECIAL RULE FOR DISABLED.—In the case of an individual who is permanently and totally disabled (as defined in section 22(e)(3)) at any time during such calendar year, the requirements of subparagraph (A) shall be treated as met with respect to such individual.

"(4) SPECIAL RULE RELATING TO 2 OR MORE CLAIMING QUALIFYING CHILD.—

"(A) IN GENERAL.—Except as provided in subparagraph (B) and subsection (e), if (but for this paragraph) an individual may be claimed as a qualifying child by 2 or more taxpayers for a taxable year beginning in the same calendar year, such individual shall be treated as the qualifying child of the taxpayer who is—

"(i) a parent of the individual, or

"(ii) if clause (i) does not apply, the taxpayer with the highest adjusted gross income for such taxable year.

"(B) MORE THAN 1 PARENT CLAIMING QUALIFYING CHILD.—If the parents claiming any qualifying child do not file a joint return together, such child shall be treated as the qualifying child of—

"(i) the parent with whom the child resided for the longest period of time during the taxable year, or

"(ii) if the child resides with both parents for the same amount of time during such taxable year, the parent with the highest adjusted gross income.

"(d) QUALIFYING RELATIVE.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualifying relative' means, with respect to any taxpayer for any taxable year, an individual—

"(A) who bears a relationship to the taxpayer described in paragraph (2),

"(B) whose gross income for the calendar year in which such taxable year begins is less than the exemption amount (as defined in section 151(d)),

"(C) with respect to whom the taxpayer provides over one-half of the individual's support for the calendar year in which such taxable year begins, and

"(D) who is not a qualifying child of such taxpayer or of any other taxpayer for any taxable year beginning in the calendar year in which such taxable year begins.

"(2) RELATIONSHIP.—For purposes of paragraph (1)(A), an individual bears a relationship to the taxpayer described in this paragraph if the individual is any of the following with respect to the taxpayer:

"(A) A child or a descendant of a child.

"(B) A brother, sister, stepbrother, or step-sister.

"(C) The father or mother, or an ancestor of either.

"(D) A stepfather or stepmother.

"(E) A son or daughter of a brother or sister of the taxpayer.

"(F) A brother or sister of the father or mother of the taxpayer.

"(G) A son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law.

"(H) An individual (other than an individual who at any time during the taxable year was the spouse, determined without regard to section 7703, of the taxpayer) who, for the taxable year of the taxpayer, has as such individual's principal place of abode the home of the taxpayer and is a member of the taxpayer's household.

"(3) SPECIAL RULE RELATING TO MULTIPLE SUPPORT AGREEMENTS.—For purposes of paragraph (1)(C), over one-half of the support of an individual for a calendar year shall be treated as received from the taxpayer if—

"(A) no one person contributed over one-half of such support,

"(B) over one-half of such support was received from 2 or more persons each of whom, but for the fact that any such person alone did not contribute over one-half of such support, would have been entitled to claim such individual as a dependent for a taxable year beginning in such calendar year,

"(C) the taxpayer contributed over 10 percent of such support, and

"(D) each person described in subparagraph (B) (other than the taxpayer) who contributed over 10 percent of such support files a written declaration (in such manner and form as the Secretary may by regulations prescribe) that such person will not claim such individual as a dependent for any taxable year beginning in such calendar year.

"(4) SPECIAL RULE RELATING TO INCOME OF HANDICAPPED DEPENDENTS.—

"(A) IN GENERAL.—For purposes of paragraph (1)(B), the gross income of an individual who is permanently and totally disabled (as defined in section 22(e)(3)) at any time during the taxable year shall not include income attributable to services performed by the individual at a sheltered workshop if—

"(i) the availability of medical care at such workshop is the principal reason for the individual's presence there, and

"(ii) the income arises solely from activities at such workshop which are incident to such medical care.

"(B) SHELTERED WORKSHOP DEFINED.—For purposes of subparagraph (A), the term 'sheltered workshop' means a school—

"(i) which provides special instruction or training designed to alleviate the disability of the individual, and

"(ii) which is operated by an organization described in section 501(c)(3) and exempt from tax under section 501(a), or by a State, a possession of the United States, any political subdivision of any of the foregoing, the United States, or the District of Columbia.

"(5) SPECIAL SUPPORT TEST IN CASE OF STUDENTS.—For purposes of paragraph (1)(C), in the case of an individual who is—

"(A) a child of the taxpayer, and

"(B) a student,

amounts received as scholarships for study at an educational organization described in section 170(b)(1)(A)(ii) shall not be taken into account in determining whether such individual received more than one-half of such individual's support from the taxpayer.

"(6) SPECIAL RULES FOR SUPPORT.—For purposes of this subsection—

"(A) payments to a spouse which are includible in the gross income of such spouse under section 71 or 682 shall not be treated as a payment by the payor spouse for the support of any dependent,

"(B) amounts expended for the support of a child or children shall be treated as received from the noncustodial parent (as defined in subsection (e)(3)(B)) to the extent that such parent provided amounts for such support, and

“(C) in the case of the remarriage of a parent, support of a child received from the parent’s spouse shall be treated as received from the parent.

“(e) SPECIAL RULE FOR DIVORCED PAR-ENTS.—

“(1) IN GENERAL.—Notwithstanding subsection (c)(4) or (d)(1)(C), if—

“(A) a child receives over one-half of the child’s support during the calendar year from the child’s parents—

“(i) who are divorced or legally separated under a decree of divorce or separate maintenance,

“(ii) who are separated under a written separation agreement, or

“(iii) who live apart at all times during the last 6 months of the calendar year, and

“(B) such child is in the custody of 1 or both of the child’s parents for more than ½ of the calendar year,

such child shall be treated as being the qualifying child or qualifying relative of the noncustodial parent for a calendar year if the requirements described in paragraph (2) are met.

“(2) REQUIREMENTS.—For purposes of paragraph (1), the requirements described in this paragraph are met if—

“(A) a decree of divorce or separate maintenance or written agreement between the parents applicable to the taxable year beginning in such calendar year provides that—

“(i) the noncustodial parent shall be entitled to any deduction allowable under section 151 for such child, or

“(ii) the custodial parent will sign a written declaration that such parent will not claim such child as a dependent for such taxable year, and

“(B) in the case of such an agreement executed before January 1, 1985, the noncustodial parent provides at least \$600 for the support of such child during such calendar year.

“(3) CUSTODIAL PARENT AND NONCUSTODIAL PARENT.—For purposes of this subsection—

“(A) CUSTODIAL PARENT.—The term ‘custodial parent’ means the parent with whom a child shared the same principal place of abode for the greater portion of the calendar year.

“(B) NONCUSTODIAL PARENT.—The term ‘noncustodial parent’ means the parent who is not the custodial parent.

“(4) EXCEPTION FOR MULTIPLE-SUPPORT AGREEMENTS.—This subsection shall not apply in any case where over one-half of the support of the child is treated as having been received from a taxpayer under the provision of subsection (d)(3).

“(f) OTHER DEFINITIONS AND RULES.—For purposes of this section—

“(1) CHILD DEFINED.—

“(A) IN GENERAL.—The term ‘child’ means an individual who is—

“(i) a son, daughter, stepson, or stepdaughter of the taxpayer, or

“(ii) an eligible foster child of the taxpayer.

“(B) ADOPTED CHILD.—In determining whether any of the relationships specified in subparagraph (A)(i) or paragraph (4) exists, a legally adopted individual of the taxpayer, or an individual who is placed with the taxpayer by an authorized placement agency for adoption by the taxpayer, shall be treated as a child of such individual by blood.

“(C) ELIGIBLE FOSTER CHILD.—For purposes of subparagraph (A)(ii), the term ‘eligible foster child’ means an individual who is placed with the taxpayer by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

“(2) STUDENT DEFINED.—The term ‘student’ means an individual who during each of 5 calendar months during the calendar year in

which the taxable year of the taxpayer begins—

“(A) is a full-time student at an educational organization described in section 170(b)(1)(A)(ii), or

“(B) is pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of an educational organization described in section 170(b)(1)(A)(ii) or of a State or political subdivision of a State.

“(3) PLACE OF ABODE.—An individual shall not be treated as having the same principal place of abode of the taxpayer if at any time during the taxable year of the taxpayer the relationship between the individual and the taxpayer is in violation of local law.

“(4) BROTHER AND SISTER.—The terms ‘brother’ and ‘sister’ include a brother or sister by the half blood.

“(5) TREATMENT OF MISSING CHILDREN.—

“(A) IN GENERAL.—Solely for the purposes referred to in subparagraph (B), a child of the taxpayer—

“(i) who is presumed by law enforcement authorities to have been kidnapped by someone who is not a member of the family of such child or the taxpayer, and

“(ii) who had, for the taxable year in which the kidnapping occurred, the same principal place of abode as the taxpayer for more than one-half of the portion of such year before the date of the kidnapping,

shall be treated as meeting the requirement of subsection (c)(1)(B) with respect to a taxpayer for all taxable years ending during the period that the individual is kidnapped.

“(B) PURPOSES.—Subparagraph (A) shall apply solely for purposes of determining—

“(i) the deduction under section 151(c),

“(ii) the credit under section 24 (relating to child tax credit),

“(iii) whether an individual is a surviving spouse or a head of a household (as such terms are defined in section 2), and

“(iv) the earned income credit under section 32.

“(C) COMPARABLE TREATMENT OF CERTAIN QUALIFYING RELATIVES.—For purposes of this section, a child of the taxpayer—

“(i) who is presumed by law enforcement authorities to have been kidnapped by someone who is not a member of the family of such child or the taxpayer, and

“(ii) who was (without regard to this paragraph) a qualifying relative of the taxpayer for the portion of the taxable year before the date of the kidnapping,

shall be treated as a qualifying relative of the taxpayer for all taxable years ending during the period that the child is kidnapped.

“(D) TERMINATION OF TREATMENT.—Subparagraphs (A) and (C) shall cease to apply as of the first taxable year of the taxpayer beginning after the calendar year in which there is a determination that the child is dead (or, if earlier, in which the child would have attained age 18).

“(6) CROSS REFERENCES.—

**“For provision treating child as dependent of both parents for purposes of certain provisions, see sections 105(b), 132(h)(2)(B), and 213(d)(5).”**

### **SEC. 3. MODIFICATIONS OF DEFINITION OF HEAD OF HOUSEHOLD.**

(a) HEAD OF HOUSEHOLD.—Clause (i) of section 2(b)(1)(A) of the Internal Revenue Code of 1986 is amended to read as follows:

“(i) a qualifying child of the individual (as defined in section 152(c), determined without regard to section 152(e)), but not if such child—

“(I) is married at the close of the taxpayer’s taxable year, and

“(II) is not a dependent of such individual by reason of section 152(b)(2) or 152(b)(3), or both, or”.

(b) CONFORMING AMENDMENTS.—

(1) Section 2(b)(2) of the Internal Revenue Code of 1986 is amended by striking subparagraph (A) and by redesignating subparagraphs (B), (C), and (D) as subparagraphs (A), (B), and (C), respectively.

(2) Clauses (i) and (ii) of section 2(b)(3)(B) of such Code are amended to read as follows:

“(i) subparagraph (H) of section 152(d)(2), or

“(ii) paragraph (3) of section 152(d).”.

### **SEC. 4. MODIFICATIONS OF DEPENDENT CARE CREDIT.**

(a) IN GENERAL.—Section 21(a)(1) of the Internal Revenue Code of 1986 is amended by striking “In the case of an individual who maintains a household which includes as a member one or more qualifying individuals (as defined in subsection (b)(1))” and inserting “In the case of an individual for which there are 1 or more qualifying individuals (as defined in subsection (b)(1)) with respect to such individual”.

(b) QUALIFYING INDIVIDUAL.—Paragraph (1) of section 21(b) of the Internal Revenue Code of 1986 is amended to read as follows:

“(1) QUALIFYING INDIVIDUAL.—The term ‘qualifying individual’ means—

“(A) a dependent of the taxpayer (as defined in section 152(a)(1)) who has not attained age 13,

“(B) a dependent of the taxpayer who is physically or mentally incapable of caring for himself or herself and who has the same principal place of abode as the taxpayer for more than one-half of such taxable year, or

“(C) the spouse of the taxpayer, if the spouse is physically or mentally incapable of caring for himself or herself and who has the same principal place of abode as the taxpayer for more than one-half of such taxable year.”.

(c) CONFORMING AMENDMENT.—Paragraph (1) of section 21(e) of the Internal Revenue Code of 1986 is amended to read as follows:

“(1) PLACE OF ABODE.—An individual shall not be treated as having the same principal place of abode of the taxpayer if at any time during the taxable year of the taxpayer the relationship between the individual and the taxpayer is in violation of local law.

### **SEC. 5. MODIFICATIONS OF CHILD TAX CREDIT.**

(a) IN GENERAL.—Paragraph (1) of section 24(c) of the Internal Revenue Code of 1986 is amended to read as follows:

“(1) IN GENERAL.—The term ‘qualifying child’ means a qualifying child of the taxpayer (as defined in section 152(c)) who has not attained age 17.”.

(b) CONFORMING AMENDMENT.—Section 24(c)(2) of the Internal Revenue Code of 1986 is amended by striking “the first sentence of section 152(b)(3)” and inserting “subparagraph (A) of section 152(b)(3)”.

### **SEC. 6. MODIFICATIONS OF EARNED INCOME CREDIT.**

(a) QUALIFYING CHILD.—Paragraph (3) of section 32(c) of the Internal Revenue Code of 1986 is amended to read as follows:

“(3) QUALIFYING CHILD.—

“(A) IN GENERAL.—The term ‘qualifying child’ means a qualifying child of the taxpayer (as defined in section 152(c), determined without regard to paragraph (1)(D) thereof and section 152(e)).

“(B) MARRIED INDIVIDUAL.—The term ‘qualifying child’ shall not include an individual who is married as of the close of the taxpayer’s taxable year unless the taxpayer is entitled to a deduction under section 151 for such taxable year with respect to such individual (or would be so entitled but for section 152(e)).

“(C) PLACE OF ABODE.—For purposes of subparagraph (A), the requirements of section 152(c)(1)(B) shall be met only if the principal place of abode is in the United States.



“(D) IDENTIFICATION REQUIREMENTS.—

“(i) IN GENERAL.—A qualifying child shall not be taken into account under subsection (b) unless the taxpayer includes the name, age, and TIN of the qualifying child on the return of tax for the taxable year.

“(ii) OTHER METHODS.—The Secretary may prescribe other methods for providing the information described in clause (i).”.

(b) CONFORMING AMENDMENTS.—

(1) Section 32(c)(1) of the Internal Revenue Code of 1986 is amended by striking subparagraph (C) and by redesignating subparagraphs (D), (E), (F), and (G) as subparagraphs (C), (D), (E), and (F), respectively.

(2) Section 32(c)(4) of such Code is amended by striking “(3)(E)” and inserting “(3)(C)”.

(3) Section 32(m) of such Code is amended by striking “subsections (c)(1)(F)” and inserting “subsections (c)(1)(E)”.

#### SEC. 7. MODIFICATIONS OF DEDUCTION FOR PERSONAL EXEMPTION FOR DEPENDENTS.

Subsection (c) of section 151 of the Internal Revenue Code of 1986 is amended to read as follows:

“(c) ADDITIONAL EXEMPTION FOR DEPENDENTS.—An exemption of the exemption amount for each individual who is a dependent (as defined in section 152) of the taxpayer for the taxable year.”

#### SEC. 8. TECHNICAL AND CONFORMING AMENDMENTS.

(1) Section 21(e)(5) of the Internal Revenue Code of 1986 is amended—

(A) by striking “paragraph (2) or (4) of” in subparagraph (A), and

(B) by striking “within the meaning of section 152(e)(1)” and inserting “as defined in section 152(e)(3)(A)”.

(2) Section 21(e)(6)(B) of such Code is amended by striking “section 151(c)(3)” and inserting “section 152(f)(1)”.

(3) Section 25B(c)(2)(B) of such Code is amended by striking “151(c)(4)” and inserting “152(f)(2)”.

(4)(A) Subparagraphs (A) and (B) of section 51(i)(1) of such Code are each amended by striking “paragraphs (1) through (8) of section 152(a)” both places it appears and inserting “subparagraphs (A) through (G) of section 152(d)(2)”.

(B) Section 51(i)(1)(C) of such Code is amended by striking “152(a)(9)” and inserting “152(d)(2)(H)”.

(5) Section 72(t)(7)(A)(iii) of such Code is amended by striking “151(c)(3)” and inserting “152(f)(1)”.

(6) Section 129(c)(2) of such Code is amended by striking “151(c)(3)” and inserting “152(f)(1)”.

(7) The first sentence of section 132(h)(2)(B) of such Code is amended by striking “151(c)(3)” and inserting “152(f)(1)”.

(8) Section 153 of such Code is amended by striking paragraph (1) and by redesignating paragraphs (2), (3), and (4) as paragraphs (1), (2), and (3), respectively.

(9) Section 170(g)(3) of such Code is amended by striking “paragraphs (1) through (8) of section 152(a)” and inserting “subparagraphs (A) through (G) of section 152(d)(2)”.

(10) The second sentence of section 213(d)(11) of such Code is amended by striking “paragraphs (1) through (8) of section 152(a)” and inserting “subparagraphs (A) through (G) of section 152(d)(2)”.

(11) Section 529(e)(2)(B) of such Code is amended by striking “paragraphs (1) through (8) of section 152(a)” and inserting “subparagraphs (A) through (G) of section 152(d)(2)”.

(12) Section 2032A(c)(7)(D) of such Code is amended by striking “section 151(c)(4)” and inserting “section 152(f)(2)”.

(13) Section 7701(a)(17) of such Code is amended by striking “152(b)(4), 682,” and inserting “682”.

(14) Section 7702B(f)(2)(C)(iii) of such Code is amended by striking “paragraphs (1) through (8) of section 152(a)” and inserting “subparagraphs (A) through (G) of section 152(d)(2)”.

(15) Section 7703(b)(1) of such Code is amended—

(A) by striking “151(c)(3)” and inserting “152(f)(1)”, and

(B) by striking “paragraph (2) or (4) of”.

#### SEC. 9. EFFECTIVE DATE.

The amendments made by this Act shall apply to taxable years beginning after December 31, 2003.

By Mr. THOMAS (for himself and Mr. GREGG):

S. 756. A bill to amend the Internal Revenue Code of 1986 to modify the qualified small issue bond provisions; to the Committee on Finance.

Mr. THOMAS: Mr. President, I am pleased to rise to introduce legislation with my distinguished colleague from New Hampshire, Mr. Gregg. Specifically, the bill we offer today would amend the Internal Revenue Code of 1986 to modify the qualified small issue bond provisions. Current restrictions built into the law decades ago prevent small manufacturers from realizing the full financial benefit from these bonds.

The manufacturing sector is a key component of the U.S. economy. It was particularly hard-hit in the most recent recession and continues to struggle. More than two million high-wage, quality jobs have been lost. These losses occurred in both large and small manufacturing facilities. Reversing the decline is critical for our Nation's economic well-being.

This bill targets a problem faced by many small manufacturers: the lack of investment capital. These manufacturers need access to financial resources to build, to grow, to employ new workers and to survive. One of the lowest-cost capital investment options currently available is tax-exempt Industrial Development Bonds or IDBs. These bonds are issued by state governments throughout the country and provide an excellent financial resource for companies looking to build or expand their manufacturing facilities.

The maximum IDB available for qualified projects was set in 1978 at \$10 million. The purchasing power of that amount has declined by more than fifty percent over time, severely reducing the effectiveness of this financial tool. In addition, the ten million dollar ceiling is subject to a dollar reduction for other funding used in the project. These limits create a significant and unnecessary barrier. To help small manufacturers and acknowledge the technological advances made in the past 25 years, it is time to change the law.

This bill makes the necessary changes to ensure that the law reflects economic realities. It increases the bond cap and capital expenditure amounts from ten to twenty million dollars. An inflation adjuster is added to avoid a similar reduction in purchasing power in the future. Finally, we would expand the definition of man-

ufacturing facilities to capture new technologies, namely biotech and software production.

Many factors are responsible for the current decline in the manufacturing sector. Our bill will not solve all the problems, but it does break down the capital investment barrier facing many small manufacturers. These businesses, and the communities in which they are located, need our help. This proposal will go a long way in achieving that objective and I urge all my colleagues to become a cosponsor.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 756

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. MODIFICATIONS TO SMALL ISSUE BOND PROVISIONS.

(a) INCREASE IN AMOUNT OF QUALIFIED SMALL ISSUE BONDS PERMITTED FOR FACILITIES TO BE USED BY RELATED PRINCIPAL USERS.—

(1) IN GENERAL.—Clause (i) of section 144(a)(4)(A) (relating to \$10,000,000 limit in certain cases) is amended by striking “\$10,000,000” and inserting “\$20,000,000”.

(2) COST-OF-LIVING ADJUSTMENT.—Section 144(a)(4) is amended by adding at the end the following:

“(G) COST-OF-LIVING ADJUSTMENT.—In the case of a taxable year beginning in a calendar year after 2002, the \$20,000,000 amount under subparagraph (A) shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2001’ for ‘calendar year 1992’ in subparagraph (B) thereof.”.

(3) CLERICAL AMENDMENT.—The heading of paragraph (4) of section 144(a) is amended by striking “\$10,000,000” and inserting “\$20,000,000”.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to—

(A) obligations issued after the date of the enactment of this Act, and

(B) capital expenditures made after such date with respect to obligations issued on or before such date.

(b) DEFINITION OF MANUFACTURING FACILITY.—

(1) IN GENERAL.—Section 144(a)(12)(C) (relating to definition of manufacturing facility) is amended to read as follows:

“(C) MANUFACTURING FACILITY.—For purposes of this paragraph, the term ‘manufacturing facility’ means any facility which is used in—

“(i) the manufacturing or production of tangible personal property (including the processing resulting in a change in the condition of such property),

“(ii) the manufacturing, development, or production of specifically developed software products or processes if—

“(I) it takes more than 6 months to develop or produce such products,

“(II) the development or production could not with due diligence be reasonably expected to occur in less than 6 months, and

“(III) the software product or process comprises programs, routines, and attendant documentation developed and maintained for use in computer and telecommunications technology, or

“(iii) the manufacturing, development, or production of specially developed biobased or bioenergy products or processes if—

“(I) it takes more than 6 months to develop or produce,

“(II) the development or production could not with due diligence be reasonably expected to occur in less than 6 months, and

“(III) the biobased or bioenergy product or process comprises products, processes, programs, routines, and attendant documentation developed and maintained for the utilization of biological materials in commercial or industrial products, for the utilization of renewable domestic agricultural or forestry materials in commercial or industrial products, or for the utilization of biomass materials.

“(D) RELATED FACILITIES.—For purposes of subparagraph (C), the term ‘manufacturing facility’ includes a facility which is directly and functionally related to a manufacturing facility (determined without regard to subparagraph (C)) if—

“(i) such facility, including an office facility and a research and development facility, is located on the same site as the manufacturing facility, and

“(ii) not more than 40 percent of the net proceeds of the issue are used to provide such facility, but shall not include a facility used solely for research and development activities.”.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to obligations issued after the date of the enactment of this Act.

By Mr. LIEBERMAN (for himself, Ms. SNOWE, Mr. DODD, Mr. ALLEN, Mrs. CLINTON, Mr. HARKIN, and Mr. AKAKA):

S. 758. A bill to amend the Internal Revenue Code of 1986 to allow a credit against income tax for certain energy-efficient property; to the Committee on Finance.

(At the request of Mr. DODD, the following statement was ordered to be printed in the RECORD.)

• Mr. LIEBERMAN. Mr. President, I rise today to introduce a bill, with Senator OLYMPIA SNOWE, to encourage the use of fuel cells, a clean and cutting-edge energy technology. Specifically, the bill would give consumers a tax credit for purchasing residential and commercial fuel cell systems to power their electricity. The tax credit would apply to stationary and portable fuel cell systems, and would be applicable for 5 years.

First used for space missions in the 1960s, fuel cells use an electrochemical reaction to convert energy from hydrogen-rich fuel sources into electricity. Because no combustion is involved, fuel cells produce virtually no air pollution and significantly reduce carbon dioxide emissions. Fuel cell units in operation today are capable of running 24 hours a day, 7 days a week, with only routine maintenance. They are installed around the world in power plants, hospitals, schools, banks, military installations, and manufacturing facilities. Smaller units for homeowners and small businesses will enter the commercial market shortly.

Fuel cell technology offers a clean, secure, and dependable source of energy that should be part of our na-

tional energy strategy. With oil and gas prices now reaching record highs, fuel cells are one excellent answer to our heightened energy demand and dependence on foreign oil. This legislation will power fuel cell technology by speeding its market introduction and by increasing its uses in our everyday lives.

Mr. President, I ask that the bill be printed in the RECORD. •

S. 758

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

# SECTION 1. CREDIT FOR CERTAIN ENERGY-EFFICIENT PROPERTY.

## (a) BUSINESS PROPERTY.—

(1) IN GENERAL.—Subparagraph (A) of section 48(a)(3) of the Internal Revenue Code of 1986 (defining energy property) is amended by striking “or” at the end of clause (i), by adding “or” at the end of clause (ii), and by inserting after clause (ii) the following new clause:

“(iii) energy-efficient building property.”.

(2) ENERGY-EFFICIENT BUILDING PROPERTY.—Subsection (a) of section 48 of such Code is amended by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and by inserting after paragraph (3) the following new paragraph:

“(4) ENERGY-EFFICIENT BUILDING PROPERTY.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘energy-efficient building property’ means a fuel cell power plant that—

“(i) generates electricity using an electrochemical process,

“(ii) has an electricity-only generation efficiency greater than 30 percent, and

“(iii) generates at least 0.5 kilowatt of electricity using an electrochemical process.

“(B) LIMITATION.—In the case of energy-efficient building property placed in service during the taxable year, the credit determined under paragraph (1) for such year with respect to such property shall not exceed an amount equal to the lesser of—

“(i) 30 percent of the basis of such property, including expenditures for labor costs properly allocable to the onsite preparation, assembly, or original installation of the property and for piping or wiring to interconnect such property, or

“(ii) \$1,000 for each kilowatt of capacity of such property.

“(C) SPECIAL RULES.—For purposes of subparagraph (A)(ii)—

“(i) ELECTRICITY-ONLY GENERATION EFFICIENCY.—The electricity-only generation efficiency percentage of a fuel cell power plant is the fraction—

“(I) the numerator of which is the total useful electrical power produced by such plant at normal operating rates, and expected to be consumed in its normal application, and

“(II) the denominator of which is the lower heating value of the fuel source for such plant.

“(ii) DETERMINATIONS MADE ON BTU BASIS.—The electricity-only generation efficiency percentage shall be determined on a Btu basis.

“(D) FUEL CELL POWER PLANT.—The term ‘fuel cell power plant’ means an integrated system comprised of a fuel cell stack assembly and associated balance of plant components that converts a fuel into electricity using electrochemical means.

“(E) TERMINATION.—Such term shall not include any property placed in service after December 31, 2008.”.

(3) LIMITATION.—Section 48(a)(2)(A) of such Code (relating to energy percentage) is amended to read as follows:

“(A) IN GENERAL.—The energy percentage is—

“(i) in the case of energy-efficient building property, 30 percent, and

“(ii) in the case of any other energy property, 10 percent.”.

## (4) CONFORMING AMENDMENTS.—

(A) Section 29(b)(3)(A)(i)(III) of such Code is amended by striking “section 48(a)(4)(C)” and inserting “section 48(a)(5)(C)”.

(B) Section 48(a)(1) of such Code is amended by inserting “except as provided in paragraph (4)(B),” before “the energy”.

(5) EFFECTIVE DATE.—The amendments made by this subsection shall apply to property placed in service after December 31, 2003, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

## (b) NONBUSINESS PROPERTY.—

(1) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to nonrefundable personal credits) is amended by inserting after section 25B the following new section:

## “SEC. 25C. NONBUSINESS ENERGY-EFFICIENT BUILDING PROPERTY.

“(a) CREDIT ALLOWED.—

“(1) IN GENERAL.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the nonbusiness energy-efficient building property expenditures which are paid or incurred during such year.

“(2) LIMITATION.—The credit allowed under paragraph (1) with respect to property placed in service by the taxpayer during the taxable year shall not exceed an amount equal to the lesser of—

“(A) 30 percent of the basis of such property, or

“(B) \$1,000 for each kilowatt of capacity of such property.

“(b) NONBUSINESS ENERGY-EFFICIENT BUILDING PROPERTY EXPENDITURES.—For purposes of this section—

“(1) IN GENERAL.—The term ‘nonbusiness energy-efficient building property expenditures’ means expenditures made by the taxpayer for nonbusiness energy-efficient building property installed on or in connection with a dwelling unit—

“(A) which is located in the United States, and

“(B) which is used by the taxpayer as a residence.

Such term includes expenditures for labor costs properly allocable to the onsite preparation, assembly, or original installation of the property.

“(2) NONBUSINESS ENERGY-EFFICIENT BUILDING PROPERTY.—The term ‘nonbusiness energy-efficient building property’ means energy-efficient building property (as defined in section 48(a)(4)) if—

“(A) the original use of such property commences with the taxpayer, and

“(B) such property meets the standards (if any) applicable to such property under section 48(a)(3).

“(c) SPECIAL RULES.—For purposes of this section—

“(1) DOLLAR AMOUNTS IN CASE OF JOINT OCCUPANCY.—In the case of any dwelling unit which is jointly occupied and used during any calendar year as a residence by 2 or more individuals the following shall apply:

“(A) The amount of the credit allowable, under subsection (a) by reason of expenditures (as the case may be) made during such

calendar year by any of such individuals with respect to such dwelling unit shall be determined by treating all of such individuals as 1 taxpayer whose taxable year is such calendar year.

“(B) There shall be allowable, with respect to such expenditures to each of such individuals, a credit under subsection (a) for the taxable year in which such calendar year ends in an amount which bears the same ratio to the amount determined under subparagraph (A) as the amount of such expenditures made by such individual during such calendar year bears to the aggregate of such expenditures made by all of such individuals during such calendar year.

“(2) TENANT-STOCKHOLDER IN COOPERATIVE HOUSING CORPORATION.—In the case of an individual who is a tenant-stockholder (as defined in section 216) in a cooperative housing corporation (as defined in such section), such individual shall be treated as having made his tenant-stockholder's proportionate share (as defined in section 216(b)(3)) of any expenditures of such corporation.

“(3) CONDOMINIUMS.—

“(A) IN GENERAL.—In the case of an individual who is a member of a condominium management association with respect to a condominium which the individual owns, such individual shall be treated as having made his proportionate share of any expenditures of such association.

“(B) CONDOMINIUM MANAGEMENT ASSOCIATION.—For purposes of this paragraph, the term ‘condominium management association’ means an organization which meets the requirements of paragraph (1) of section 528(c) (other than subparagraph (E) thereof) with respect to a condominium project substantially all of the units of which are used as residences.

“(4) ALLOCATION IN CERTAIN CASES.—If less than 80 percent of the use of an item is for nonbusiness purposes, only that portion of the expenditures for such item which is properly allocable to use for nonbusiness purposes shall be taken into account.

“(5) WHEN EXPENDITURE MADE; AMOUNT OF EXPENDITURE.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), an expenditure with respect to an item shall be treated as made when the original installation of the item is completed.

“(B) EXPENDITURES PART OF BUILDING CONSTRUCTION.—In the case of an expenditure in connection with the construction or reconstruction of a structure, such expenditure shall be treated as made when the original use of the constructed or reconstructed structure by the taxpayer begins.

“(C) AMOUNT.—The amount of any expenditure shall be the cost thereof.

“(6) PROPERTY FINANCED BY SUBSIDIZED ENERGY FINANCING.—For purposes of determining the amount of nonbusiness energy-efficient building property expenditures made by any individual with respect to any dwelling unit, there shall not be taken into account expenditures which are made from subsidized energy financing (as defined in section 48(a)(5)(C)).

“(d) BASIS ADJUSTMENTS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so allowed.

“(e) TERMINATION.—This section shall not apply to any expenditure made after December 31, 2008.”

(2) CONFORMING AMENDMENTS.—

(A) Subsection (a) of section 1016 of such Code is amended by striking “and” at the end of paragraph (27), by striking the period

at the end of paragraph (28) and inserting “; and”, and by adding at the end the following new paragraph:

“(29) to the extent provided in section 25C(d), in the case of amounts with respect to which a credit has been allowed under section 25C.”

(B) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 25B the following new item:

“Sec. 25C. Nonbusiness energy-efficient building property.”

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to expenditures made after December 31, 2003.

Ms. SNOWE. Mr. President, I rise today with my colleague from Connecticut, Senator LIEBERMAN, to introduce a bill that will promote the expanded use of an environmentally sound and efficient energy technology—fuel cell power.

The United States has had a long, inseparable relationship with energy. The Americans of the 19th century would not have populated the West as they did without the railroad and its steam engines. New York's Pearl Street Station, designed by Thomas Edison in 1882, demonstrated the immense possibilities of large-scale electricity generation that would revolutionize our Nation and the world. And, of course, the 20th century is posted with landmark American innovations an inventions in oil use and production, nuclear power, and solar energy.

As we begin our journey into the 21st century, we must begin a new chapter for energy use through fuel cell power. Fuel cells are not a futuristic dream, as every manned U.S. space mission has relied upon fuel cells for electricity and drinking water. From a New York City police station to a postal facility in Alaska to hospitals, schools, banks, military installations and manufacturing facilities around the world, fuel cell units are efficiently generating dependable power 24 hours a day, 7 days a week for upwards of 2 years with only routine maintenance.

Fuel cell technology offers a clean, secure, efficient, and dependable source of energy that should be part of our national energy strategy. Not only do fuel cells deliver the high quality, reliable power that is considered an absolute necessity for many portions of our society, they reduce grid demand while improving grid flexibility. Fuel cells are an ideal energy source to address the Nation's pressing energy needs.

Using electro-chemical reaction to convert energy from hydrogen-rich fuel cell sources into electricity, fuel cells reduce the need for fossil fuel consumption. And, since no combustion is involved, fuel cells produce virtually no air pollution and significantly reduce carbon dioxide emissions, the major greenhouse gas thought to be responsible for climate change variability. In fact, a 200 kilowatt fuel power plant produces less than one ounce of pollutants for every 1,000 kilowatt hours of electricity it yields. In comparison, the

average fossil fuel plans produces nearly 25 pounds of pollutants to generate the same 1,000 kilowatt hours of electricity. That is 400 times the amount of a fuel cell power plant.

The current problem is that it is difficult for the consumer to take advantage of fuel cells because, as with any new technology, the introductory price is high. To create the market incentives necessary to speed the commercialization of this technology, the Lieberman-Snow legislation provides a property owner a five year, \$1,000 per kilowatt stationary fuel cell tax credit, including labor and installation costs, for business and non business power plants—stationary and portable—that have an electrical generation efficiency greater than 30 percent and generate at least 0.5 kilowatts of electricity using an electrochemical process. To put this electrical generation in perspective, a home uses approximately 1 to 2 kilowatts of power, on average.

By lowering the initial price for consumers, market introduction and production volume of fuel cells will be accelerated with the end result being a significant reduction in manufacturing costs. The decrease in price would enable even more consumers to use one of the cleanest, most reliable and most efficient means to generate electricity. This tailored fuel cell tax credit for a stationary and portable fuel cells is designed to benefit the widest range of potential fuel cell customers and manufacturers with a meaningful incentive for the purchase of fuel cells for residential and commercial use.

As summer approaches, power shortages and interruptions can be expected throughout the country. We must increase our investment and commitment to non-traditional energy sources such as fuel cells. This reliable, combustion-free power provided by fuel cells in a sensible alternative that is available today. I urge my colleagues to support us for a sensible fuel cell power tax credit.

By Mr. DURBIN (for himself, Mr. ALLARD, Mr. CONRAD, Mr. HARKIN, Mr. JOHNSON, Mr. LEAHY, Mr. DORGAN, and Mr. JEFFORDS):

S. 759. A bill to amend the Internal Revenue Code of 1986 to provide a tax credit for individuals and businesses for the installation of certain wind energy property; to the Committee on Finance.

Mr. DURBIN. Mr. President, I rise today to introduce the Residential, Farm, Ranch and Small Business Energy Systems Act of 2003, also known as the Small Wind Energy Systems Act. I am honored to be joined by Senators ALLARD, CONRAD, HARKIN, JOHNSON, LEAHY and DORGAN in introducing this legislation.

In order to foster a forward-looking energy policy, the United States needs to broaden its energy portfolio beyond fossil fuels, which are a finite energy source. Any serious attempt to create a

national energy policy must include innovative proposals for exploring and developing the use of alternative and renewable energy sources. The legislation I am introducing today would help spur the production of electricity from a limitless source—wind.

This bill, similar to legislation I introduced last year, offers a tax credit to help defray the cost of installing a small wind energy system to generate electricity for individual homes, farms, ranches and businesses. The credit can be applied only to systems up to 75 kW, and is equal to 30 percent of the cost of installation, up to \$1,000 per kilowatt. I am offering this legislation in the hope that this tax credit will help make it economical for people to invest in small wind systems, thereby reducing pressures on the national power grid and increasing America's energy independence one family and business at a time.

Small wind systems are the most cost-competitive home-sized renewable energy technology, but the high up-front cost has been a barrier. A typical small, rural wind system rated at 10 kW costs \$30,000–\$35,000 to install. A 30 percent business investment credit would make wind energy more viable for rural America. In addition, farmers and ranchers can utilize a small wind energy system while simultaneously continuing to use their land for crop growing or grazing. Facilitating the production of renewable energy on land that is already being worked for other purposes would be a boon to our economy, environment, and national security. Finally, the tax credit would help us promote a healthier environment. A typical small system can offset seven tons of carbon dioxide per year; carbon dioxide is the most significant contributor to climate change.

I am pleased to see that others in the Senate are working to promote renewable energy. In the context of our deliberations on energy policy, I hope to work with Senators GRASSLEY and BAUCUS, and others, in order to build on these efforts. In particular, I hope we can expand the residential credit provided for wind energy systems in the Energy Tax Incentives Act of 2003, S. 597, so that the cap is raised to \$1,000 per kilowatt. In addition, I hope to add wind to the business investment credit section of the tax code. Although there is currently in law a business investment credit for solar and geothermal power, there is currently no Federal program to support small wind systems being installed by farmers and ranchers. The Energy Tax Incentives Act of 2003 would add fuel cells to this section of the code. I hope I can work with my colleagues to also add wind to this section, because we need to encourage investments in this source of energy.

Last year, a portion of this legislation was included in the Senate energy bill by unanimous consent. I hope to build on this success this year, by securing passage of the full measure.

For the good of our rural economy, homeowners and business owners, the

environment and energy security, I encourage my colleagues to support this legislation. I ask unanimous consent that the legislation be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 759

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Residential, Farm, Ranch, and Small Business Wind Energy Systems Act of 2003" or the "Small Wind Energy Systems Act of 2003".

#### SEC. 2. CREDIT FOR RESIDENTIAL WIND ENERGY PROPERTY.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to nonrefundable personal credits) is amended by inserting after section 25B the following new section:

##### "SEC. 25C. RESIDENTIAL SMALL WIND ENERGY SYSTEMS.

"(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 30 percent of the qualified wind energy property expenditures made by the taxpayer during such year.

"(b) LIMITATIONS.—

"(1) MAXIMUM CREDIT.—The credit allowed under subsection (a) shall not exceed \$1,000 for each kilowatt of capacity.

"(2) SAFETY CERTIFICATIONS.—No credit shall be allowed under this section for an item of property unless such property meets appropriate fire and electric code requirements.

"(c) CARRYFORWARD OF UNUSED CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by section 26(a) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.

"(d) QUALIFIED WIND ENERGY PROPERTY EXPENDITURE.—For purposes of this section—

"(1) QUALIFIED WIND ENERGY PROPERTY EXPENDITURE DEFINED.—

"(A) IN GENERAL.—The term 'qualified wind energy property expenditure' means an expenditure for qualified wind energy property installed on or in connection with a dwelling unit located in the United States and used as a residence by the taxpayer, including all necessary installation fees and charges.

"(B) QUALIFIED WIND ENERGY PROPERTY.—The term 'qualified wind energy property' means a qualifying wind turbine—

"(i) the original use of which commences with the taxpayer, and

"(ii) which carries at least a 5-year limited warranty covering defects in design, material, or workmanship, and, for any qualifying wind turbine that is not installed by the taxpayer, at least a 5-year limited warranty covering defects in installation.

"(C) QUALIFYING WIND TURBINE.—The term 'qualifying wind turbine' means a wind turbine of 75 kilowatts of rated capacity or less which at the time of manufacture and not more than one year from the date of purchase meets the latest performance rating standards published by the American Wind Energy Association or the International Electrotechnical Commission and which is used to generate electricity.

"(2) LABOR COSTS.—Expenditures for labor costs properly allocable to the onsite prepa-

ration, assembly, or original installation of qualified wind energy property and for piping or wiring to interconnect such property to the dwelling unit or to the local energy grid shall be taken into account for purposes of this section.

"(3) SWIMMING POOLS, ETC., USED AS STORAGE MEDIUM.—Expenditures which are properly allocable to a swimming pool, hot tub, or any other energy storage medium which has a function other than the function of storage shall not be taken into account for purposes of this section.

"(e) SPECIAL RULES.—For purposes of this section—

"(1) DOLLAR AMOUNTS IN CASE OF JOINT OCCUPANCY.—In the case of any dwelling unit which is jointly occupied and used during any calendar year as a residence by 2 or more individuals the following shall apply:

"(A) The amount of the credit allowable, under subsection (a) by reason of expenditures (as the case may be) made during such calendar year by any of such individuals with respect to such dwelling unit shall be determined by treating all of such individuals as 1 taxpayer whose taxable year is such calendar year.

"(B) There shall be allowable, with respect to such expenditures to each of such individuals, a credit under subsection (a) for the taxable year in which such calendar year ends in an amount which bears the same ratio to the amount determined under subparagraph (A) as the amount of such expenditures made by such individual during such calendar year bears to the aggregate of such expenditures made by all of such individuals during such calendar year.

"(2) TENANT-STOCKHOLDER IN COOPERATIVE HOUSING CORPORATION.—In the case of an individual who is a tenant-stockholder (as defined in section 216) in a cooperative housing corporation (as defined in such section), such individual shall be treated as having made his tenant-stockholder's proportionate share (as defined in section 216(b)(3)) of any expenditures of such corporation.

"(3) CONDOMINIUMS.—

"(A) IN GENERAL.—In the case of an individual who is a member of a condominium management association with respect to a condominium which the individual owns, such individual shall be treated as having made the individual's proportionate share of any expenditures of such association.

"(B) CONDOMINIUM MANAGEMENT ASSOCIATION.—For purposes of this paragraph, the term 'condominium management association' means an organization which meets the requirements of paragraph (1) of section 528(c) (other than subparagraph (E) thereof) with respect to a condominium project substantially all of the units of which are used as residences.

"(4) ALLOCATION IN CERTAIN CASES.—If less than 80 percent of the use of a qualified wind energy property is for nonbusiness purposes and for generation of energy to be sold to others, only that portion of the expenditures for such property which is properly allocable to use for nonbusiness purposes and for generation of energy to be sold to others shall be taken into account.

"(5) WHEN EXPENDITURE MADE; AMOUNT OF EXPENDITURE.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), an expenditure with respect to any qualified wind energy property shall be treated as made when the original installation of such property is completed and the property has begun to be used to generate energy.

"(B) EXPENDITURES PART OF BUILDING CONSTRUCTION.—In the case of an expenditure in connection with the construction or reconstruction of a structure, such expenditure shall be treated as made when the original

use of the constructed or reconstructed structure by the taxpayer begins.

“(C) AMOUNT.—The amount of any expenditure shall be the cost thereof.

“(6) PROPERTY FINANCED BY SUBSIDIZED ENERGY FINANCING.—For purposes of determining the amount of expenditures made by any individual with respect to any dwelling unit, there shall not be taken in to account expenditures which are made from subsidized energy financing (as defined in section 48(a)(5)(C)).

“(f) BASIS ADJUSTMENTS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any qualified wind energy property, the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so allowed.

“(g) TERMINATION.—This section shall not apply to property installed in taxable years beginning after December 31, 2008.”

(b) CREDIT ALLOWED AGAINST REGULAR TAX AND ALTERNATIVE MINIMUM TAX.—

(1) IN GENERAL.—Section 25C(b) of the Internal Revenue Code of 1986, as added by subsection (a), is amended by adding at the end the following new paragraph:

“(3) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for the taxable year shall not exceed the excess of—

“(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

“(B) the sum of the credits allowable under this subpart (other than this section) and section 27 for the taxable year.”

(2) CONFORMING AMENDMENTS.—

(A) Section 25C(c) of such Code, as added by subsection (a), is amended by striking “section 26(a) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section)” and inserting “subsection (b)(3)”.

(B) Section 23(b)(4)(B) of such Code is amended by inserting “and section 25C” after “this section”.

(C) Section 24(b)(3)(B) of such Code is amended by striking “23 and 25B” and inserting “23, 25B, and 25C”.

(D) Section 25(e)(1)(C) of such Code is amended by inserting “25C,” after “25B.”

(E) Section 25B(g)(2) of such Code is amended by striking “section 23” and inserting “sections 23 and 25C”.

(F) Section 26(a)(1) of such Code is amended by striking “and 25B” and inserting “25B, and 25C”.

(G) Section 904(h) of such Code is amended by striking “and 25B” and inserting “25B, and 25C”.

(H) Section 1400C(d) of such Code is amended by striking “and 25B” and inserting “25B, and 25C”.

(c) ADDITIONAL CONFORMING AMENDMENTS.—

(1) Section 23(c) of the Internal Revenue Code of 1986, as in effect for taxable years beginning before January 1, 2004, is amended by striking “section 1400C” and inserting “sections 25C and 1400C”.

(2) Section 25(e)(1)(C) of such Code, as in effect for taxable years beginning before January 1, 2004, is amended by inserting “, 25C,” after “sections 23”.

(3) Subsection (a) of section 1016 of such Code is amended by striking “and” at the end of paragraph (27), by striking the period at the end of paragraph (28) and inserting “, and”, and by adding at the end the following new paragraph:

“(29) to the extent provided in section 25C(f), in the case of amounts with respect to which a credit has been allowed under section 25C.”

(4) Section 1400C(d) of such Code, as in effect for taxable years beginning before January 1, 2004, is amended by inserting “and section 25C” after “this section”.

(5) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 25B the following new item:

“Sec. 25C. Residential wind energy property.”

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided by paragraph (2), the amendments made by this section shall apply to expenditures after December 31, 2002, in taxable years ending after such date.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to taxable years beginning after December 31, 2003.

### SEC. 3. CREDIT FOR BUSINESS INSTALLATION OF SMALL WIND ENERGY PROPERTY.

(a) IN GENERAL.—Subparagraph (A) of section 48(a)(3) of the Internal Revenue Code of 1986 (defining energy property) is amended by striking “or” at the end of clause (i), by adding “or” at the end of clause (ii), and by inserting after clause (ii) the following new clause:

“(iii) qualified wind energy property installed before January 1, 2009.”

(b) QUALIFIED WIND ENERGY PROPERTY.—Subsection (a) of section 48 is amended by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and by inserting after paragraph (3) the following new paragraph:

“(4) QUALIFIED WIND ENERGY PROPERTY.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘qualified wind energy property’ means a qualifying wind turbine—

“(i) installed on or in connection with a farm (as defined in section 6420(c)), a ranch, or an establishment of an eligible small business (as defined in section 44(b)) which is located in the United States and which is owned and used by the taxpayer,

“(ii) the original use of which commences with the taxpayer, and

“(iii) which carries at least a 5-year limited warranty covering defects in design, material, or workmanship, and, for any qualifying wind turbine that is not installed by the taxpayer, at least a 5-year limited warranty covering defects in installation.

“(B) LIMITATION.—In the case of any qualified wind energy property placed in service during the taxable year, the credit determined under paragraph (1) for such year with respect to such property shall not exceed an amount equal to the lesser of—

“(i) 30 percent of the basis of such property, including all necessary installation fees and charges, or

“(ii) \$1,000 for each kilowatt of capacity of such property.

“(C) QUALIFYING WIND TURBINE.—For purposes of this paragraph the term ‘qualifying wind turbine’ means a wind turbine of 75 kilowatts of rated capacity or less which at the time of manufacture and not more than one year from the date of purchase meets the latest performance rating standards published by the American Wind Energy Association or the International Electrotechnical Commission and which is used to generate electricity.

“(D) SAFETY CERTIFICATIONS.—No credit shall be allowed under this section for any qualified wind energy property unless such property meets appropriate fire and electric code requirements.”

(c) LIMITATION.—Section 48(a)(2)(A) of the Internal Revenue Code of 1986 (relating to energy percentage) is amended to read as follows:

“(A) IN GENERAL.—The energy percentage is—

“(i) in the case of qualified wind energy property, 30 percent, and

“(ii) in the case of any other energy property, 10 percent.”

(d) CONFORMING AMENDMENT.—Section 29(b)(3)(A)(i)(III) of the Internal Revenue Code of 1986 is amended by striking “section 48(a)(4)(C)” and inserting “section 48(a)(5)(C)”.

(e) EFFECTIVE DATE.—The amendments made by this subsection shall apply to property placed in service after December 31, 2003, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

By Mr. GRASSLEY (for himself, Mr. BAUCUS, Mr. DEWINE, Mr. DURBIN, Mr. GREGG, Mr. BINGAMAN, Mr. FEINGOLD, Ms. SNOWE, Mr. ROCKFELLER, Mr. SANTORUM, and Mr. LEAHY):

S. 780. A bill to implement effective measures to stop trade in conflict diamonds, and for other purposes; to the Committee on Finance.

Mr. GRASSLEY. Mr. President, I rise today to introduce the Clean Diamond Trade Act. Technically, this act will implement a certification process for imports of rough diamonds. But, as many of you know, this bill goes far beyond technicalities. This bill will help put an end to trade in conflict diamonds. As many of you know, conflict diamonds are diamonds mined and used by rebel movements in many African nations as a source of revenue to fuel armed conflict and the activities of rebel movements aimed at undermining or overthrowing legitimate governments in African countries. Millions of people have been driven from their homes by wars that have been fought for control of these diamonds. Families and entire countries have been torn apart.

That is why it is vitally important that we pass this legislation. Passage of this legislation would be a true bipartisan success and a significant step forward in stopping trade in conflict diamonds. And I would like to thank my colleagues for helping to develop the compromise legislation in this Act. I would especially like to recognize the hard work of Senators GREGG, DEWINE, DURBIN, BINGAMAN, and FEINGOLD, whose devotion and dedication to stopping trade in conflict diamonds is unsurpassed.

Prior attempts to move similar bills have stalled in both the House and the Senate. As Chairman of the Finance Committee, I took great care to try and achieve the right balance so that we might implement a certification process that meets our international responsibilities, that can pass the House and the Senate, and most importantly, that works.

The Clean Diamond Trade Act will implement the Kimberley Process Certification Scheme. This is an international agreement establishing minimal acceptable international standards

for national certification schemes relating to cross-border trade in rough diamonds. It represents over two years of negotiations among more than 50 countries, human rights advocacy groups, the diamond industry and non-government organizations.

The next plenary session of the Kimberley Process is scheduled to convene in Johannesburg, South Africa, from April 28 to the 30, 2003. The U.S. played a leadership role in crafting the Kimberley Process Certification Scheme, and it is critical that we implement the certification process before April 28 if we are to retain this leadership. We also need to do this to ensure that the flow of legitimate diamonds into and out of the United States will continue without interruption. Most important, we need to do everything we can to stop trade in conflict diamonds as soon as possible.

Mr. President, we plan to mark-up this legislation in the Finance Committee tomorrow morning. I am confident the bill will receive strong bipartisan support in committee and am hopeful we can pass this bill by unanimous consent in the full Senate before we adjourn for the April recess. The people and countries in Africa affected by the damage of conflict diamonds deserve our support. Passing this bill is the right thing to do.

Mr. DEWINE. Today, Mr. President, violent conflicts and other global threats and humanitarian concerns extend across many parts of our world. We are at war with Iraq. North Korea possesses nuclear weapons. HIV/AIDS is pandemic. And, terrorism threatens our daily lives.

Our world is, indeed, a very dangerous and unstable place. We know this. And, while we are well aware of the many global "hotspots"—the conflicts and the violence and the human suffering—there are parts of the world, which I believe, we have neglected. There are parts of the world, where human tragedy is the order of the day—where children are killed, where women are raped and beaten, and where people are routinely tortured—their bodies maimed and mutilated.

One area of the world where such atrocities are occurring on a daily basis is in Sierra Leone, Africa. For at least a decade, Sierra Leone, one of the world's poorest nations, has been embroiled in civil war. Rebel groups—most notably, the Revolutionary United Front (RUF)—have been fighting for years to overthrow the recognized government. In the process, violence has erupted as the rebels have fought to seize control of the country's profitable diamond fields, which in turn, helps finance their terrorist regime.

Once in control of a diamond field, the rebels confiscate the diamonds and then launder them onto the legitimate market through other nearby nations, like Liberia. Known as "conflict" or "blood" diamonds, these gems are a very lucrative business for the rebel

groups. In fact, over the past decade, the rebels have smuggled out of Africa approximately \$10 billion dollars in these diamonds.

It is nearly impossible to distinguish the illegally gathered diamonds from legitimate or "clean" stones. And so, regrettably and unwittingly, the United States—as the world's biggest buyer of diamonds—has contributed to the violence. Our nation accounted for more than half of the \$57.5 billion in global retail diamond trade last year, and some estimates suggest that illegal diamonds from Africa account for as much as 15 percent of the overall diamond trade.

Since the start of the rebel's quest for control of Sierra Leone's diamond supply, half of the nation's population of 4.5 million have left their homes, and at least a half-million have left the country. But, it is the children of Sierra Leone who are bearing the biggest brunt of the rebel insurgency. For over eight years, the RUF has conscripted children—children often as young as 7 or 8 years old—to be soldiers in their make-shift army. They have ripped at least 12,000 children from their families.

As a result of deliberate and systematic brutalization, child soldiers have become some of the most vicious—and effective—fighters within the rebel factions. The rebel army—child-soldiers included—has terrorized Sierra Leone's population, killing, abducting, raping, and hacking off the limbs of victims with their machetes. This chopping off of limbs is the RUF's trademark strategy. In Freetown, the surgeons are frantic. Scores of men, women, and children—their hands partly chopped off—have flooded the main hospital. Amputating as quickly as they can, doctors toss severed hands into a communal bucket.

The RUF frequently and forcibly injects the children with cocaine in preparation for battle. In many cases, the rebels force the child-soldiers at gunpoint to kill their own family members or neighbors and friends. Not only are these children traumatized by what they are forced to do, they also are afraid to be reunited with their families because of the possibility of retribution.

Mr. President, I cannot understate nor can I fully describe the horrific abuses these children are suffering. The most vivid accounts come from the child-soldiers themselves. I'd like to read a few of their stories, taken from Amnesty International's 1998 report, "Sierra Leone—A Year of Atrocities against Civilians." According to one child's recollection:

Civilians were rounded up, in groups or in lines, and then taken individually to a pounding block in the village where their hands, arms, or legs were cut with a machete. In some villages, after the civilians were rounded up, they were stripped naked. Men were then ordered to rape members of their own family. If they refused, their arms were cut off and the women were raped by rebel forces, often in front of their husbands

... victims of these atrocities also reported women and children being rounded up and locked into houses which were then set [on fire].

A young man from Lunsar, describing a rebel attack, said this:

Ten people were captured by the rebels and they asked us to form a [line]. My brother was removed from the [line], and they killed him with a rifle, and they cut his head with a knife. After this, they killed his pregnant wife. There was an argument among the rebels about the sex of the baby she was carrying, so they decided to open her stomach to see the baby.

According to Komba, a teenager:

My legs were cut with blades and cocaine was rubbed in the wounds. Afterwards, I felt like a big person. I saw the other people like chickens and rats. I wanted to kill them.

Rape, sexual slavery and other forms of sexual abuse of girls and women have been systematic, organized, and widespread. Many of those abducted have been forced to become the "wives" of combatants.

According to Isatu, an abducted teenage girl:

I did not want to go; I was forced to go. They killed a lot of women who refused to go with them.

She was forced to become the sexual partner of the combatant who captured her and is now the mother of their three-month-old baby:

When they capture young girls, you belong to the soldier who captured you. I was 'married' to him.

We are losing these children—an entire generation of children. If the situation does not improve, these kids have no future. But, as long as the rebel's diamond trade remains unchallenged, nothing will change.

That is why I have been working with Senators DURBIN, FEINGOLD, and GREGG for over two years to pass legislation that would help stem this illegal trade in conflict diamonds. Together, we have worked extensively with our House colleagues, including my good friend and former colleague from Ohio, Tony Hall, and FRANK WOLF from Virginia, to develop much needed legislation to help remove the rebel's market incentive.

And, while we have not yet been successful in getting this legislation signed into law, I credit my colleagues' continued commitment to this often forgotten issue. I know our countless congressional hearings, meetings, letters and legislative initiatives have encouraged the Administration and the international community to keep this issue alive. We have kept the pressure on, and we are beginning to see some positive results.

Mr. President, just this past January 1st, an international agreement called the Kimberley Process Certification Scheme was launched. Specifically, this is a voluntary, international diamond certification system among over 50 participant countries, including all of the major diamond producing and trading countries. This is a positive step in the right direction, and I commend the tireless work of human rights



advocates and the diamond industry for making this certification system a reality.

Because of their success, Mr. President, today we are faced with the urgent need of providing legislative measures to enable effective U.S. implementation of the certification scheme. We need to provide the Administration with the authorization necessary to ensure U.S. compliance with this global, regulatory framework. That is why I am here today to introduce legislation that commits the United States to mandatory implementation of the Kimberley Process Certification Scheme.

I join my distinguished colleagues, Senators GRASSLEY, DURBIN, FEINGOLD, BINGAMAN, TALENT, and SNOWE, to introduce the "Clean Diamond Trade Act." This legislation is very similar to a measure introduced in the House last week, H.R. 1415. Our bill is very simple. The whole idea behind it is to commit the United States to a system of controls on the export and import of diamonds, so that buyers can be certain that their purchases are not fueling the rebel campaign.

Specifically, our legislation would prohibit the import of any rough diamond that has not been controlled through the Kimberley Process Certification Scheme. Put simply, this means that every diamond brought into the United States would require a certificate of origin and authenticity, indicating that a rebel or terrorist group has not laundered it onto the legitimate market.

Additionally, the bill calls on the President to report annually to Congress on the control system's effectiveness and also requires the General Accounting Office to report on the law's effectiveness within two years of enactment.

Finally, Mr. President, our bill emphasizes that the Kimberley Process Certification Scheme is an ongoing process and that our government should continue to work with the international community to strengthen the effectiveness of this global regulatory framework. As the world's biggest diamond customer—purchasing well over half of the world's diamonds—our nation has a moral responsibility to show continued leadership on this issue.

Quite candidly, there are a lot of things in this world—a lot of terrible, tragic things—that we don't have the power to change or to fix. But today, we can change something. We can make a difference. We have the power to help put an end to the indescribable suffering and violence caused by diamond-related conflicts. We have that power, and we must use it. And so, I urge my colleagues to join me in support of this much-needed legislation.

We have an obligation—a moral responsibility—to help stop the violence, the brutality, the needless killing and maiming. No other child should kill or be killed in diamond-related conflicts.

I believe that it is absolutely imperative that we pass the bill we have introduced quickly and help end these atrocities once and for all.

It is the humane thing to do. It is the right thing to do. It is the only thing to do.

I thank the Chair and yield the Floor.

## SUBMITTED RESOLUTIONS

### SENATE RESOLUTION 102—RECOGNIZING THE 40TH ANNIVERSARY OF THE SINKING OF THE USS THRESHER (SSN 593)

Mr. SUNUNU (for himself, Mr. GREGG, Ms. SNOWE, and Ms. COLLINS) submitted the following resolution; which was considered and agreed to:

#### S. RES. 102

Whereas the USS Thresher was first launched at Portsmouth Naval Shipyard on July 9, 1960;

Whereas the USS Thresher departed Portsmouth Naval Shipyard for her final voyage on April 9, 1963, with a crew of 16 officers, 96 sailors, and 17 civilians;

Whereas the mix of that crew reflects the unity of the naval submarine service, military and civilian, in the protection of the Nation;

Whereas at approximately 7:47 a.m. on April 10, 1963, while in communication with the surface ship USS Skylark, and approximately 300 miles off the coast of New England, the USS Thresher began her final descent;

Whereas the USS Thresher was declared lost with all hands on April 10, 1963;

Whereas from the loss of the USS Thresher, there arose the SUBSAFE program, which has kept United States' submariners safe at sea ever since as the strongest, safest submarine force in history;

Whereas from the loss of the USS Thresher, there arose in our Nation's universities the ocean engineering curricula that enables the United States' preeminence in submarine warfare; and

Whereas the crew of the USS Thresher demonstrated the "last full measure of devotion" in service to this Nation, and this devotion characterizes the sacrifices of all submariners, past and present: Now, therefore, be it

*Resolved*, That the Senate—

(1) recognizes the 40th Anniversary of the sinking of the USS Thresher;

(2) remembers with profound sorrow the loss of the USS Thresher and her gallant crew of sailors and civilians on April 10, 1963; and

(3) expresses its deepest gratitude to all submariners on "eternal patrol", who are forever bound together by their dedicated and honorable service to the United States of America.

#### SEC. 2. TRANSMISSION OF RESOLUTION.

The Secretary of the Senate shall transmit a copy of this resolution to the Chief of Naval Operations and to the Commanding Officer of the Portsmouth Naval Shipyard to be accepted on behalf of the families and shipmates of the crew of the USS Thresher.

## AMENDMENTS SUBMITTED & PROPOSED

SA 434. Mr. MCCAIN (for himself, Mr. ALLEN, Mr. GRAHAM, of South Carolina, Mr.

CHAMBLISS, Mr. CRAIG, and Mr. MILLER) proposed an amendment to the bill S. 718, to provide a monthly allotment of free telephone calling time to members of the United States armed forces stationed outside the United States who are directly supporting military operations in Iraq or Afghanistan.

## TEXT OF AMENDMENTS

**SA 434.** Mr. MCCAIN (for himself, Mr. ALLEN, Mr. GRAHAM of South Carolina, Mr. CHAMBLISS, Mr. CRAIG, and Mr. MILLER) proposed an amendment to the bill S. 718, to provide a monthly allotment of free telephone calling time to members of the United States armed forces stationed outside the United States who are directly supporting military operations in Iraq or Afghanistan; as follows:

Strike out all after the enacting clause and insert the following:

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Troops Phone Home Free Act of 2003".

#### SEC. 2. PURPOSE.

It is the purpose of this Act to support the morale of the brave men and women of the United States armed services stationed outside the United States who are directly supporting military operations in Iraq or Afghanistan (as determined by the Secretary of Defense) by giving them the ability to place calls to their loved ones without expense to them.

#### SEC. 3. FINDINGS.

The Congress finds the following:

(1) The armed forces of the United States are the finest in the world.

(2) The members of the armed services are bravely placing their lives in danger to protect the security of the people of the United States and to advance the cause of freedom in Iraq.

(3) Their families and loved ones are making sacrifices at home in support of the members of the armed services abroad.

(4) Telephone contact with family and friends provides significant emotional and psychological support to them and helps to sustain and improve morale.

#### SEC. 4. DEPARTMENT OF DEFENSE TELECOMMUNICATIONS BENEFIT.

(a) IN GENERAL.—As soon as possible after the date of enactment of this Act, the Secretary of Defense shall provide, wherever practicable, prepaid phone cards, or an equivalent telecommunications benefit which includes access to telephone service, to members of the armed forces stationed outside the United States who are directly supporting military operations in Iraq or Afghanistan (as determined by the Secretary) to enable them to make telephone calls to family and friends in the United States without cost to the member.

(b) MONTHLY AMOUNT.—The value of the benefit provided by subsection (a) shall not exceed \$40 per month per person.

(c) END OF PROGRAM.—The program established by subsection (a) shall terminate on the date that is 60 days after the date on which the Secretary determines that Operation Iraqi Freedom has ended.

(d) FUNDING.—

(1) USE OF EXISTING RESOURCES.—In carrying out this section, the Secretary shall maximize the use of existing Department of Defense telecommunications programs and capabilities, private support organizations, private entities offering free or reduced-cost services, and programs to enhance morale and welfare.

(2) USE OF APPROPRIATED FUNDS.—In addition to resources described in paragraph (1)